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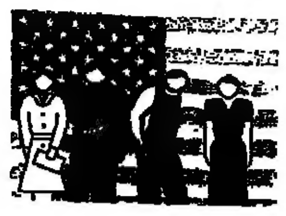
FINANCIAL TIMES

Göran Persson
Lion tamer at Sweden's circus
Page 17



Disabilities act
Why employers are confused
Page 11

Indonesia
How to scare off foreign investment
Page 6

TOMORROW'S
Weekend FT
Japanese break with tradition

World Business Newspaper

FRIDAY MARCH 15 1996

France pinpoints Chartres for third Paris airport site

The third airport for Paris should be built south-west of the French capital close to the cathedral city of Chartres, a government commission recommended. Jacques Douffiagues, a former transport minister, said his commission group had picked an area encompassed by the communes of *Santeuil, Beauvilliers* and Sainville, in the Eure-et-Loire departement, for the airport, due to be built in the next century. The announcement was greeted with disappointment in the Picardie, Haut Normandie and Central regions, which had proposed rival sites and lobbied strenuously for them over the last few months. Page 18

US backs Bosnia weapons meeting

US and Turkish officials will today host a conference on providing military aid to Bosnia, amid strong European complaints that the rearmament plan is likely to undermine the peace process. *The conference has* been criticised by the *French foreign ministry*, which said the priorities *in* Bosnia should be stability and reconstruction rather than weapons procurement. It has also been deplored by officials close to Carl Bildt (above), the international mediator. In defence of the conference, US officials have said that military aid to Bosnia was clearly envisaged in the Dayton peace agreement. Page 18

Yeltsin to crack down on civil servants: The Kremlin is planning a crackdown on civil servants who have abused their positions on the boards of partially privatised companies, a senior presidential adviser said. Page 2

BTR to accelerate non-core divestment: BTR, the industrial conglomerate, said it would accelerate its withdrawal from non-manufacturing operations after reporting a 6 per cent increase in full-year profits. Page 19; Lex, Page 18

Forbes endorses Dole campaign: *Steve* Forbes, bowed out of the race for the Republican presidential nomination and endorsed *Senator Bob* Dole for the task of trying to unseat Bill Clinton in November. Page 18; **Could do better, Page 16**

Deutsche Telekom's mobile telephone arm DeTeMobil will lead a consortium which has won a stake in a *Czech GSM digital mobile telephone* licence, one of two being offered to introduce competition to the market for the first time. Page 19

Olympic Airways head sacked: Greece's transport minister, Haris Kastanidis, sacked the chairman of Olympic Airways, the troubled state carrier, and said he would replace the board of directors because of "administrative problems" in running the *airline*. Page 2

Brittan forecasts six to seven in Emu: A "critical mass" of four or five countries would join France and Germany in adopting a single currency in 1999, Sir Leon Brittan, the EU trade commissioner, said at a conference in London on European monetary union. Page 2

Siemens Nixdorf, the computing subsidiary of Germany's Siemens group, has acquired a 10 per cent equity stake in Vobis, another German PC manufacturer. Page 21

BASF, the German chemicals company, announced the acquisition of a *DM500m ($337m) majority stake* in Hokuriku Seiyaku, a Japanese drugs company. Page 19

Prices down despite faster US growth: US wholesale prices fell last month for the first time *since* last June, indicating that inflation remains subdued in spite of recent evidence *of faster economic growth. Page 4; Currencies, Page 29;* World stocks, Page 40

Fleming American Investment Trust said the US Environmental Protection Agency had formally instituted proceedings against it in a claim for the costs of cleaning-up a polluted site in Slidell, Louisiana. Page 26

The National Power Corporation, the Philippines' largest state-owned company, which is due to be privatised in the next 12 *months*, saw net profits tumble 35 per cent to 3.9bn pesos ($149m) last year as a result of higher fuel prices and lower subsidies. Page 23

World Cup Cricket: Australia beat the West Indies by five runs in their semi-final match in Chandigarh, India, and now meet Sri Lanka in Sunday's final in Lahore, Pakistan.

STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	5,609.18	(+40.46)
NASDAQ Composite	1,095.16	(+6.52)
Europe and Far East		
CAC40	1,962.41	(+18.11)
DAX	2,426.49	(+0.11)
FT-SE 100	3,681.6	(+41.5)
Nikkei	19,923.66	(+188.98)

US LUNCHTIME RATES

Federal Funds	$5\frac{7}{16}$%
3-mth Treas Bills: Yld	5.082%
Long Bond	$91\frac{17}{32}$
Yield	6.65%

OTHER RATES

UK: 3-mo Interbank	$6\frac{3}{16}$%	($6\frac{1}{8}$%)
UK: 10 yr Gilt	$95\frac{5}{32}$	($95\frac{1}{2}$)
France: 10 yr OAT	103.92	(103.82)
Germany: 10 yr Bund	96.51	(95.95)
Japan: 10 yr JGB	98.939	(98.363)

NORTH SEA OIL (Argus)

Brent 15-day (Apr)	$19.01	(19.11)

GOLD

New York: Comex		
(Apr)	$396.5	(397.7)
London:		
close	$396.1	(396.75)

DOLLAR

New York lunchtime		
£	1.52405	
DM	1.47385	
FFr	5.049	
SFr	1.18965	
Y	105.465	
London:		
£	1.5245	(1.5234)
DM	1.4709	(1.4718)
FFr	5.0417	(5.0432)
SFr	1.1864	(1.189)
Y	105.335	(105.3)

STERLING

DM	2.2423	(2.2422)
Tokyo close:	Y 105.3	

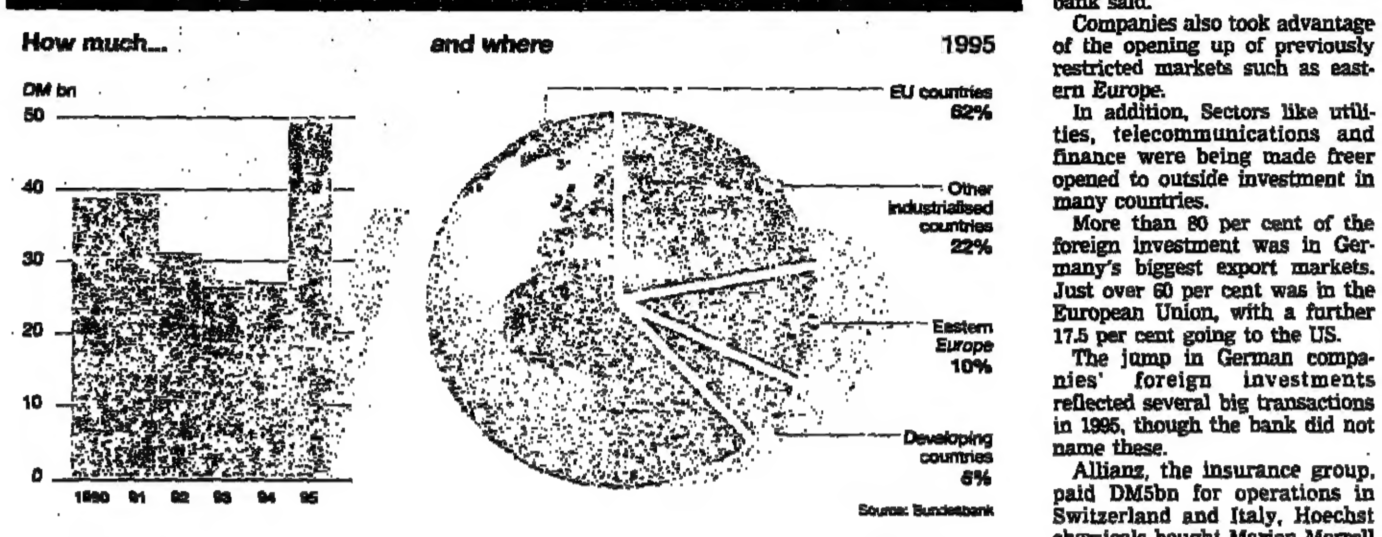
Albania	Lk 220	Germany	DM4.00	Lithuania	Lts 15.00	Qatar	QR13.00
Austria	Sch37	Greece	Dr400	Lux	LFr75	S.Arabia	SR12
Bahrain	Din1.25	Hong Kong	HK$20	Malta	Lm0.65	Singapore	S$4.30
Belgium	BFr75	Hungary	Ft250	Morocco	MDh16	Slovak Rp	Sk65
Bulgaria	Lev130.00	Iceland	IKr230	Neth	Fl 4.75	S. Africa	R12.00
Cyprus	C£1.20	India	Rs75	Nigeria	Naira80	Spain	Pta250
Czech Rp	Kc60	Israel	Shk7.50	Norway	NKr20.00	Sweden	SKr20
Denmark	DKr18	Italy	L3200	Oman	OR1.50	Switz	SFr3.70
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Syria	S£65.00
Estonia	EKr 22	Jordan	JD1.50	Poland	Zl 5.50	Tunisia	Din1.750
Finland	FM15.50	Kuwait	Fils.650	Portugal (m'land)	Es240	Turkey	L70,000
France	FFr11.50	Lebanon	U$3.000			UAE	Dh12.00

Investments abroad nearly double to $33bn to combat effects of strong D-Mark

German groups look overseas

By Andrew Fisher in Frankfurt

German foreign investment



Investments abroad by German companies nearly doubled to a record DM50bn ($33bn) last year, *as they spent heavily to develop* business in foreign markets, to avoid *increasing* German costs and to combat the effects of the *strong D-Mark*.

But foreign companies were more reluctant to invest in Germany, according to figures in the Bundesbank's monthly report. It said the increasing gap between investment flowing away from and into Germany was "widely viewed with concern" as a cause of job reduction.

Combined with a weak economy and record unemployment, the data will fuel the debate about German competitiveness and its innovative strength. Further evidence of a slowdown came with a 0.4 per cent drop in manufacturing orders in January over December.

The DM50bn invested by German companies abroad compared *with DM27bn* in 1994 and a previous peak of DM39bn in 1991. *Foreign investment in Germany rose* sharply from DM1bn to DM13bn, but this still left a record net deficit of DM37bn, against DM26bn in 1994.

The central bank said the relatively low level of foreign investment in Germany was a sign of *the country's reduced attraction* for industry.

"*Germany seems to* be participating less than other countries *in the continuing internationalisation of production*," the bank said.

However, the Ifo economics research institute said Germany was unlikely to slide into recession.

The economy should pick up in *the second half with a growth* rate of about 1.5 per cent for the *full year. Yet, Ifo stressed the* need for wage moderation to curb unemployment and for government action to hold down taxes, *reform the social security system* and deregulate the economy, notably by relaxing shopping hours.

However, the Bundesbank said companies' increased foreign investments *were also made to* strengthen their position abroad and *avoid currency risks* associated with the strong D-Mark.

The bank said it was increasingly necessary to be present in export *markets* with marketing and service networks.

"In these cases, direct investments maintain jobs in companies dependent on exports," the bank said.

Companies also took advantage of the opening up of previously restricted markets such as eastern *Europe*.

In addition, Sectors like utilities, telecommunications and finance were being made freer opened to outside investment in many countries.

More than 80 per cent of the foreign investment was in Germany's biggest export markets. Just over 60 per cent was in the European Union, with a further 17.5 per cent going to the US.

The jump in German companies' foreign investments reflected several big transactions in 1995, though the bank did not name these.

Allianz, the insurance group, paid DM5bn for operations in Switzerland and Italy, Hoechst chemicals bought Marion Merrell Dow, the US pharmaceuticals company, for DM10.5bn and BASF chemicals spent DM2.1bn to buy the prescription drugs *arm of Boots, the UK retailer*. In the finance sector, Dresdner *Bank paid DM2bn for Kleinwort* Benson, the UK investment bank.

German shop floors in flexibility deal, Page 2
A strong bottom line, Page 21

Customers deposit themselves at Tokyo bank

By Emiko Terazono in Tokyo

The lobby of Mitsubishi Bank's head office became a stage last night. The cast consisted of 14 disgruntled customers and the point of their sit-down performance was the public humiliation of a company in a society fond of keeping its embarrassment private.

Mitsubishi shied away from the spotlight. It turned off the lobby lights, appearing to ignore the protesters' presence and refused their request for a meeting with the bank's president.

But the bank was polite: "We can't remove them by force because they are our customers."

For the bank, the nationally televised presence of Mr Satoru Oishi, a 38-year-old *former office* worker, and 13 others who *bought "variable life insurance"* was a reminder of the longevity *of embarrassment* from policies introduced in the late 1980s.

Insurance companies launched the policies as a way of getting around intimidating inheritance taxes and maximising returns. Homeowners were prompted to go to a bank and mortgage their house to raise the money for a lump-sum premium.

Under the scheme, the policies would cover inheritance taxes once the homeowner had died. In the meantime, the protesters say, holders were promised an *annual yield of around 9 per cent* on their investment, about *double the average for life policies in Japan*.

But the returns were dependent on fund managers' investments in the stock market, which collapsed at the beginning of 1990 – the Nikkei index remains at about half its peak of 38,915.87.

Having borrowed to buy the policy, some of the 1.2m holders, most of whom are pensioners, are struggling to repay the loans.

"*Life insurance companies and* banks teamed up to sell the insurance without laying out the risks," said Mr Oishi, who vowed to remain in the lobby until the bank produced its president. He claimed Mitsubishi faced about

Continued on Page 18

Deal reached to swap information on securities risks

By Richard Lapper in Boca Raton, Florida

International derivatives exchanges and their regulators will today announce agreements to exchange information on the exposure of their common members to excessive risks in different markets.

The accords are an attempt to reduce the risk to financial systems. They follow regulatory weakness exposed by the crisis at Barings bank which collapsed after sustaining losses of more than £800m ($1.2bn) on the Osaka and Singapore exchanges.

Some 50 international exchanges and clearing houses *have agreed to swap information* about common members which appear to be *building up risky* or potentially excessive exposures.

The 14 regulators are *signing* a backup agreement which aims to ensure information is traded even when exchanges are limited from co-operating as a result of legal constraints or commercial considerations.

"In these cases regulators will provide a conduit to ensure that information is passed on," said Mr John Mackeonis, head of supervision of derivatives exchanges and clearing houses at the UK Securities and Investments Board, the UK securities industry watchdog.

"There is a strong degree of consensus between regulators and exchanges about the issues which have to be addressed," Mr Mackeonis said. "The agreements show that the supervisory authorities and the industry are capable of identifying and addressing problems."

The SIB and the Commodity Futures Trading Commission, the *US futures industry regulator*, co-sponsored the regulators' initiative.

Because members of futures exchanges pay collateral –

Continued on Page 18

Bill Clinton in Jerusalem yesterday during his third visit to Israel in 19 months where he pledged $100m as part of an anti-terrorism pact with Israel. On his left is Israeli prime *minister Shimon Peres* and behind him secretary of state Warren Christopher. Report, Page 4 Picture: AP

Hoechst to separate drugs and chemicals businesses

By Jenny Luesby in Frankfurt

Hoechst, the world's largest chemicals company and fourth largest pharmaceuticals group, plans to separate its drugs and chemicals businesses in an attempt to give better value to shareholders.

The planned move would be in line with the global trend to separate the pharmaceuticals and chemicals industries. It follows the $60bn merger announced last week by Sandoz and Ciba, the giant Swiss drugs companies; their combined company, Novartis, will spin off its chemical *operations*.

Outlining the Hoechst strategy Mr Jürgen Dormann, chairman, said: "I do not believe a pharmaceuticals *business such as ours* can sit comfortably inside a chemicals company."

In the first instance, the group was planning to "disconnect" the two businesses within the group, he said. It was still "doing its homework" on the next step, once this separation had been achieved. *But options* included a spin-off of the drugs business and partnerships with other pharmaceutical producers.

The group would be in a position to separate the drugs business from early next year, with the integration of Marion Merrell Dow, acquired last year for $7.1bn, expected to be completed by the end of 1996, 12 months sooner than planned.

The renamed Hoechst Marion Roussel (HMR) will be the fourth largest drugs producer in the world – after Novartis, Glaxo Wellcome and Merck – accounting for around a quarter of Hoechst group sales of DM52bn ($35.1bn) a year.

However, Hoechst's capitalisation at DM28bn is substantially lower than its rivals in pharmaceuticals. *This was not consistent* with realising shareholder value, *said Mr Dormann, and Hoechst* was committed to achieving a valuation that was similar to its competitors.

HMR will not be the first Hoechst business to be ring-fenced within the group with a view to a change of status. Eighteen months ago the group set up its Trevira fibres business as a separate entity so that it could form partnerships within the fibres industry.

The group is also expected to unveil a large joint venture within its polymers business in coming weeks. The group's European business producing the plastics polyethylene and polypropylene was "still too small", it said.

"There is only room in this market for four to five large competitors, and we want to be one of them." One problem in achieving this was the company's dependence on outside suppliers for its raw materials.

Hoechst also yesterday detailed its results for last year. An 85 per cent increase in pre-tax profits, to DM4.1bn, *on sales up 5 per cent*, reflected the strength of the *chemicals market at the beginning* of the year, said Mr Dormann.

However, he said business in November, December and January had been "lousy".

Lex, Page 18

CONTENTS

LONDON · LEEDS · PARIS · FRANKFURT · STOCKHOLM · MADRID · NEW YORK · LOS ANGELES · TOKYO · HONG KONG

Brussels sees the phone as a civil right

By Emma Tucker in Brussels

All EU citizens, however rich or poor and however remote their home, should have the right of access at affordable prices to telephone, fax and computer lines, the Commission said yesterday.

In response to fears in many EU countries that telecoms liberalisation will lead to a worse service and higher bills, the Commission said all citizens should be allowed to participate in the information society from January 1 1998.

On this date, basic voice telephony – the last significant area of the telecoms sector to remain in most member states under monopoly control – will be thrown open to competition.

The plans are part of the Commission's overall ambition to establish a regulatory environment for the telecoms sector ahead of 1998.

The latest proposals entail some small legislative changes, but are mainly intended as a guide to member states, and the Commission itself as it develops the concept of universal service.

The question of basic public service, not just in the telecoms sector but in other utilities, is expected to be addressed at the forthcoming intergovernmental conference to revise the Maastricht treaty.

The French government, under pressure from public sector unions, would like commitments to public service obligations to be written into the treaty as a safeguard against further liberalisation in sectors such as the post office, energy and rail transport.

The idea will be strongly opposed by countries such as Germany and the UK, and even if some sort of declaration is drawn up it is unlikely to be binding.

"Public opinion in France is under the impression that the Commission is dismantling public service," said a commission official. "But the idea of a public service charter is more a gesture than anything else."

In its communication on universal service, the Commission proposes an amendment to existing legislation to make explicit the requirement that users should be able to afford their telephone connection.

However, "affordability" will be decided by the member states themselves, rather than at a European level.

Member states will be free to develop the concept of universal service beyond the Commission's definition, but not so far as to impose additional costs on those companies competing with the dominant operator.

The "affordability" requirement will not mean that prices cannot go up, added an official. "The principle of a competitive environment is that you adjust prices according to costs."

The Commission – the driving force behind liberalisation – also intends to allow the concept of universal service to evolve, as technology changes.

"In two years we will have to see how technology has developed and ask whether we need to extend the scope of universal service," said the official.

However, she added that it would be premature to define the full scope of universal service now, as this could result in households paying for services they neither needed nor used.

Russian President Boris Yeltsin (above centre) demonstrating a new digital communications link for television in Moscow yesterday with the help of Italian President Oscar Scalfaro (bottom left), President Kim Young-sam of South Korea and the Ukrainian president, Mr Leonid Kuchma (bottom right) Reuter

Yeltsin plans purge of companies

Anger in Russia over unpaid salaries is so intense that government wage inspectors have asked to be armed

By Chrystia Freeland and Robert Corzine in Moscow

The Kremlin is planning a crackdown on civil servants who have abused their positions on the boards of partially privatised companies, a senior presidential adviser said yesterday.

The purge is part of a broader campaign against state corruption which Russian President Boris Yeltsin has launched in the run-up to June presidential elections, but it could dramatically alter the way Russian companies are run in the longer term.

Mr Alexander Livshits, the president's chief economic adviser, said that later this year the government planned to replace its bureaucrats with professional managers, including foreigners, who would represent the state's interests on the boards of partially privatised companies.

Such a move could lead to serious confrontations between Soviet-era industrial barons and the government-appointed outside directors.

Mr Livshits described the attack on errant bureaucrats as the next stage in the "war" against the endemic corruption which he blamed for the mountain of wage and tax arrears which has crippled the Russian economy and made the president one of Russia's least popular politicians.

"The representatives of the state in joint stock companies raise serious concerns for us," Mr Livshits said. "We plan to ask many of them – how are you defending the interests of the state if the company doesn't pay taxes or wages."

Last month Mr Yeltsin vowed he would pay all wage arrears by March and since that declaration dozens of civil servants and company directors have been sacked for contributing to the problem. Mr Livshits said yesterday: "The war for wages is at its peak."

He said the battle was so intense that government wage inspectors had asked to be armed after being threatened at some factories. Mr Livshits conceded that all of the country's wage arrears, which he estimated at up to Rbs18,000bn ($3.75bn), would not be paid off by the June 16 presidential election but hoped voters would reward Mr Yeltsin for his clean-up.

"We understand that voters cannot be bought with their own salaries," Mr Livshits said. "But we want to respond to a very understandable demand of the voters who say 'If you cannot give us money, then at least give us justice'."

Mr Livshits also said the Kremlin had a new plan to resolve another aspect of the debt crisis, the federal government's debts to the regions. He said some regions, including Krasnoyarsk, Samara and Nizhny Novgorod, would be offered repayment in the form of the government's shareholding in local enterprises.

Moscow's unpaid bills have already pushed many cash-strapped provinces to the brink of revolt. Yesterday the Primorsky region, on the Pacific coast, threatened to withhold taxes from the federal budget unless the centre pays its debt of Rbs1,800bn by April.

German workers become flexible to save jobs

While German employers and trade unions have failed to negotiate a nationwide "alliance for jobs" – trading off pay restraint for job creation – individual companies and their works councils have had more success in striking plant-level deals.

This week Mercedes-Benz agreed with its works council to introduce more flexible working hours in return for job guarantees. Mr Heiner Tropitzsch, Mercedes-Benz's personnel director, said the deal "helps secure our Stuttgart production base and its jobs".

The deal is the latest in a series of plant-level agreements in which German vehicle workers have accepted the need for working time flexibility in a way that was unthinkable only a few years ago.

The Mercedes works council agreed in principle to work three shifts, rather than two, to deal with demand peaks. Daily working hours can now vary between 7.5 and 9, while the company will have two years, rather than one, to bring an individual's "working time account" into equilibrium. With improved flexibility, Mercedes hopes to be able to react faster to sudden changes in demand without incurring a financial penalty.

Mr Helmut Lense, head of the works council in Mercedes's Untertürkheim factory in Stuttgart, said: "We have agreed our own alliance for jobs. We have shown ourselves flexible and have secured employment guarantees in return, and what is also important is that we have secured investment guarantees for the future."

Without the agreement, 1,800 of the 17,500 jobs at the plant would have been at risk, as Mercedes was threatening to shift pre-production work outside Stuttgart – possibly outside Germany.

For its part, the company has promised to forgo compulsory redundancies until December 2000 as long as order levels hold up. Mercedes even agreed to hire an extra 100 staff.

The agreement will stabilise employment after several years of drastic job cuts. Volkswagen and Adam Opel, the German subsidiary of General Motors, reached similar agreements with their workforces last year, also aimed at securing jobs in return for more flexibility.

At a national level, any eventual "alliance for jobs" will be more modest than leading trade unionists had hoped. Mr Klaus Zwickel, president of IG Metall, the metalworkers' union, last year proposed the alliance to create more than 300,000 jobs by the end of 1998 through wage moderation and overtime curbs. His initiative sparked a national debate about unemployment, but national-level talks with government and employers failed to realise his hopes.

At Opel, the introduction of flexible working hours was expected to improve overall productivity by 11 per cent. Mercedes will also raise its productivity rates, not least because it secured the de facto abolition of the most notorious working practice in the German metal industry, an unpaid five-minute break every hour.

Like Opel and VW before it, Mercedes also failed in an attempt to turn Saturday into an ordinary working day, and will continue to pay a 20 per cent overtime premium for any work carried out on Saturdays. But few Germans would bet their Saturday wages that this situation will prevail for much longer.

Wolfgang Münchau

Ukraine exploits its energy pipeline monopoly

Thousands of Ukrainian factories are closed and many homes cut off from heat in one of the coldest winters in decades, as Russia is unable to keep electricity, gas and fossil fuel supplies in line with demand.

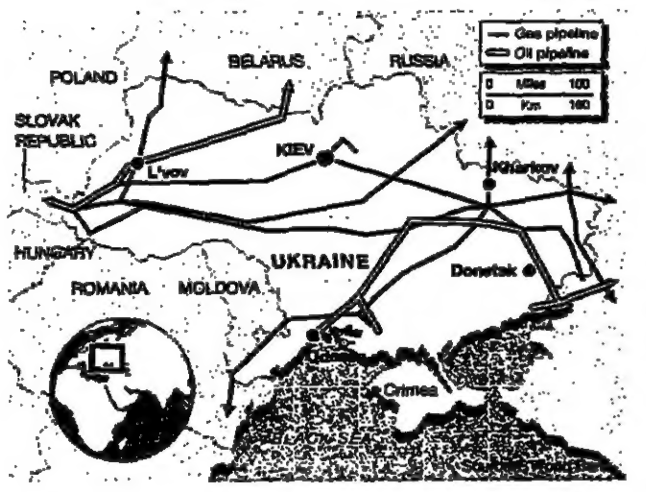
But Ukraine's energy weakness does not mean Russia's strength: an unexpected bonus for Ukraine from the days of Soviet central planning is that 95 per cent of Russia's gas exports to the west run through Ukraine's pipelines.

"It's a complicated dance of two monsters – what the Communists called bilateral monopolies," says an official at the International Monetary Fund.

Ukraine is an energy deadbeat. A recent coal miners' strike and unusually cold weather have depleted fuel reserves and led to power cuts across the country. Russia, the main source of gas and oil, has taken its neighbour off their shared power grid, following a surge in electricity demand from Ukraine which Russia felt was putting pressure on Russian supplies.

Gazprom, the Russian gas monopoly, has accused Kiev of not keeping up payments on this year's import bill – on top of its debt of about $4bn – and threatened to shut the taps. But Ukraine's transit monopoly gives it leverage, notably on oil.

In January a bitter feud broke out after Ukraine raised oil transit fees 10 per cent on the Druzhba pipeline to Europe without consulting the Moscow government. Ukraine could act unilaterally because Russia supplies it with just 15m tonnes of oil at world market prices but sends another 57m tonnes through its pipeline network linking central Europe and the Black Sea ports of Odessa and Novorossisk.



Russia's fuel and energy ministry tried to force partly privatised Russian oil concerns to pay the old fee, but appears to have lost for now. Russian oil companies signed export contracts at the new rate after Ukraine turned off the pipeline for a few days in January.

Ukraine's assertiveness surprised some political analysts at a time when other ex-Soviet republics – Belarus, Azerbaijan and Moldova – struck favourable energy deals with Moscow. Ukraine's big gas debt to Gazprom was run up because Kiev would not free domestic energy prices and crack down on non-payment at its bankrupt industries. Almost the entire debt has been converted into long-term government bonds with a two-year grace period.

Moldova and Belarus struck similar deals: their debt was subsequently converted into equity stakes in the countries' energy infrastructure. A new pipeline through Belarus, bypassing Ukraine, is under construction. But if Gazprom wants to control the entire transit network, Ukraine is the biggest missing piece.

Kiev wants to settle the debt, but leading Ukrainian politicians fear Gazprom's desire for a controlling stake in a crucial enterprises cedes too much economic sovereignty.

Pressed by this anxiety and the IMF, Ukraine has moved to improve payment discipline. Ukrhazprom, Ukraine's gas concern, last month got out of the gas trade business; regional wholesalers are now buying directly from Gazprom.

"Monopolies are not good for payment discipline because they are state-owned and subject to political pressure," says a western energy specialist in Kiev. "The government should get completely out of the business of negotiating contracts."

Officials say Ukraine plans to get more gas from Turkmenistan – which last year supplied 20bn cu metres, compared with Russia's 52bn cu metres – and court Azeri and Middle Eastern oil producers to diversify imports.

Mr Evhen Marchuk, the prime minister, this month assured nuclear plant directors that nuclear power would be a centrepiece of the country's energy future. Ukraine is resisting pressure to close the Chernobyl nuclear plant, arguing it would lose 5 per cent of its energy.

Others demur. "Ukraine doesn't need the extra capacity," says the IMF official. Industry already uses far more than it needs. The other solution, popular in government circles, has been to wait for spring. If seasons were not cyclical, that would be the end of the story.

Matthew Kaminski

Austrian bankers join campaign for openness

By Eric Frey in Vienna

The consensus in Austria in defence of anonymous savings accounts against European Union opposition is gradually breaking down. A growing number of senior bankers are calling for a change in the country's banking practices.

Most banking experts are still dismissive of international criticism that widespread use of anonymous accounts leaves Austria open to laundering drug money and other illegal funds. But they admit that the 200-year-old tradition of banking without any proof of identity violates Austria's obligations under EU banking directives and the United Nations drug convention. As a substitute, they ask for stricter bank secrecy laws.

"We will not be able to keep anonymity because of European integration. The EU guidelines leave no room for interpretation," said Mr Walter Fremuth, supervisory board chairman of Creditanstalt, Austria's second-largest bank, in a recent interview with the daily Kurier.

The chairman of Bank Austria's supervisory board, Mr Rene Alfons Haiden, called on banks and government alike to prepare public opinion for the end of anonymity. "One should not tell the Austrians constantly that anonymity is part and parcel of their savings culture," he said.

These statements are embarrassing for those banking chiefs who jumped to the defence of anonymity when the European Commission warned the government last month that current disclosure rules for bank customers are inadequate.

In a rare gesture of unanimity, the country's main banks immediately rejected the EU criticism and called upon the government to remain defiant against the growing pressures from Brussels. There are an estimated 26m anonymous savings accounts at Austrian banks with a total of Sch1,400bn ($136bn).

Privately, bankers say they had little choice. At a time when all the main banks compete fiercely for new customers and accounts, appearing weak on the popular issue of anonymity would hurt their image.

They also blame the finance minister, Mr Viktor Klima, who rejected possible alternatives to anonymity.

Most bankers believe a tightening of Austria's bank secrecy laws is needed to reassure customers that their affairs are confidential even if the bank knows their identity.

At the moment, banks can be forced to open an account if the authorities suspect any wrongdoing. In Switzerland and Luxembourg, a suspect's financial privacy is protected until he or she is officially charged.

If bank secrecy is not improved, bankers fear small investors will withdraw money from banks or shift funds abroad if the EU forces Austria to abandon anonymity. "We have to build confidence so that savers will not go back to hiding their money under a pillow," one banker said.

But Mr Klima told a banking delegation last month that current bank secrecy laws were adequate.

Instead, the finance minister wants to fight for anonymity all the way to the European Court of Justice.

This might give anonymous savings accounts a respite of several years, but is unlikely to save them for good, most experts say.

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850, Fax ++49 69 596 4481. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brüssel, Colin A. Kennard as Geschäftsführer and in London by David C.M. Bell, Chairman, and Alan C. Miller, Deputy Chairman. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany Advertising) Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
GERMANY:
Responsible for Advertising: Colin A. Kennard. Printer: Hürriyet International Verlagsgesellschaft mbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu Isenburg. ISSN 0174 7363. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
FRANCE:
Publishing Director: P. Maravelias, 42 Rue La Boetie, 75008 PARIS. Telephone (01) 5376 8254, Fax (01) 5376 8253. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN 1148-2753. Commission Paritaire No 67808D.
SWEDEN:
Responsible Publisher: Hugh Carnegy 468 618 6088. Printer: AB Kvällstidningen Expressen, PO Box 6007, S-550 06, Jönköping.

Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.

Olympic Airways boss sacked

By Kerin Hope in Athens

Greece's transport minister, Mr Haris Kastanidis, yesterday sacked the chairman of Olympic Airways, the troubled state carrier, and said he would replace the board of directors because of "administrative problems" in running the airline.

The dismissal of Professor Rigas Doganis, an international aviation industry expert who took over as chairman and chief executive 13 months ago, came two days after Mr Neil Kinnock, EU transport commissioner, raised the issue of political interference in Olympic's day-to-day management with the Greek minister.

The Socialist government is seeking Commission approval for the second tranche of a Dr54bn ($223m) capital injection under a three-year rescue plan launched last year. But the government has not met two important conditions set by the EU for releasing the funds.

The Socialists ignored a ban on fresh subsidies by approving Dr11bn in extra benefits for Olympic employees who took early retirement under the restructuring plan. The government also permitted political meddling to continue, despite having agreed that Olympic's managers would operate independently.

Analysts said the decision to fire Prof Doganis, in spite of his success in meeting the rescue plan's first-year targets, indicated that the government had abandoned its commitment to management reform and was preparing to let Socialist-led trade unions take control of decision-making.

Mr Kastanidis said the chairman and chief executive's jobs were being split, following the appointment as chairman of Professor Nicholas Blessios, a business school specialist who has little management experience.

Olympic's new chief executive, Mr Jordan Karatzas, is a former consultant to OSPA, a federation formed by the airline's 18 unions. The current general manager, Mr Miltiades Tsangarakis, is not being replaced.

Greece's powerful public sector trade unions are used to having a say in decision-making at state corporations, but during Prof Doganis's tenure Olympic's union leaders were less able to exert pressure.

Olympic earlier this week announced net income of Dr6.47bn in 1995, despite a 10 per cent fall in revenues from international flights as a result of a poor tourist season. Operating expenses fell by almost 20 per cent following cost-cutting measures and staff cuts agreed under the terms of the restructuring.

However, Prof Doganis faced fierce opposition from board members over his plans to introduce a product relaunch, form strategic alliances with regional airlines, and launch a $60m renewal of Olympic's ageing fleet. Olympic has little chance of achieving this year's target of a Dr17bn profit under the restructuring plan unless it attracts more international business traffic, analysts said.

Commissioner says 'critical mass' of members will make single currency workable

Brittan forecasts six to seven in Emu

By Graham Bowley, Economics Staff

A "critical mass" of four or five countries would join France and Germany in adopting a single currency in 1999, Sir Leon Brittan, the EU trade commissioner, said yesterday at a conference in London on European monetary union.

In a robust defence of the single currency project, Sir Leon warned against loosening the convergence criteria for Emu and said any delay in adopting the single currency could threaten the project.

"If Emu were once postponed doubts would mushroom as to whether it was ever going to happen," he said. Countries would relax their efforts to converge, which would lead to higher interest rates, more volatile exchange rates and lower trade and investment.

Sir Leon argued strongly against the adoption of an exchange rate system after 1999 between the proposed new European currency, the euro, and those currencies remaining outside Emu.

He said the fear that countries which did not join Emu would indulge in competitive devaluations was exaggerated. The European Commission would "resolutely oppose" any efforts by countries within Emu to impose sanctions on those outside the single currency to compensate for their ability to devalue.

Sir Leon said the UK was likely to satisfy the convergence criteria in 1997. He thought the UK should not hold a referendum on the single currency since "it is no part of a British constitutional system".

■ The president of the Swiss National Bank last night criticised the statutes of the planned European Central Bank for giving the central council – "that is to say, politicians" – the right to adjust central rates of the new single currency, Nick Krause writes from Jersey.

Mr Markus Lusser told a British-Swiss chamber of commerce dinner in Jersey that history showed politically determined parities were seldom compatible with economic development.

Mr Lusser also criticised the five convergence criteria for the planned single currency as "by no means sufficient" for successful monetary union. Factors such as how flexibly prices and wages reacted to economic disturbance, the mobility of labour and the operation and effects of monetary policy should also be considered.

Dr Lusser said the markets would expect currencies of countries which did not participate in the single currency to depreciate.

"These expectations will translate into higher risk premiums and higher real interest rates, making budget consolidation more difficult," he said. "This will make compliance with the convergence criteria less likely and the prospect of ever gaining access to Emu will diminish."

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EUROPEAN NEWS DIGEST

Europe shipping register dropped

The European Commission said lack of interest from member states had prompted it to withdraw a proposal to establish an EU shipping register. Instead of pressing for the register, which would have granted tax breaks to shipping companies in return for a commitment to hire EU sailors, Brussels said it would redraw its guidelines on state aid to the shipping industry.

The Commission also intends to keep up pressure to improve safety and environmental standards at an international level. The policy is based on the common application of internationally agreed rules, legislation laying down certain principles for member states' shipping registers, plus development of certain conditions to be applied to flag administrations and their ship registers on a worldwide basis.

Mr Neil Kinnock, transport commissioner, said that in too many countries outside the EU the provision of convenient and cheap register facilities permitted shipping companies not only to save operating costs, but also sometimes to evade safety regulations. *Emma Tucker, Brussels*

Greeks stand against Schengen

Greece has refused to ratify the EU's Schengen agreement on free movement across borders on the grounds that privacy would be violated by a computer data base in Strasbourg, set up to prevent criminals moving around Europe.

The justice minister, Mr Evangelos Venizelos, told parliament the Socialist government would not ratify the treaty, signed by its conservative predecessor. He said the accord conflicted with a Greek law banning public agencies – with the exception of the tax authorities – from keeping electronic files on private citizens. *Kerin Hope, Athens*

Olive branch over Aegean

Mr Mesut Yilmaz, Turkey's prime minister, has responded positively to proposals by Mr Theodoros Pangalos, Greek foreign minister, that both countries reduce their military forces in and around the Aegean sea. Turkey and Greece came to the brink of an armed confrontation in January in a dispute over two uninhabited Aegean islets. Mr Yilmaz said Turkey was prepared to withdraw its fourth army from the Aegean coast, where it was stationed in 1975 after Turkey's invasion of Cyprus, ostensibly to deter attack from nearby Greek islands. However, Mr Yilmaz said: "First we must have a dialogue. We must see that Greece can be trusted first."

Turkey's parliament was last night expected to approve an extension of the government's emergency powers in 10 mainly Kurdish provinces of south-eastern Turkey. Mr Yilmaz has promised he will soon phase out the emergency rules, comparable to martial law. *John Barham, Ankara*

Rome bickering on candidates

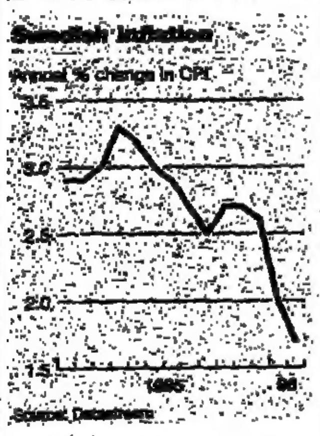
Last-minute squabbles over the allocation of seats within Italy's two broad political alliances are holding up the completion of candidate lists for the general elections next month. The lists are due to be completed by Monday, but small groupings are still fighting to obtain greater visibility.

The small Christian Democratic Centre (CCD) and the Christian Democrat Union (CDU) have withdrawn a threat to pull out of the rightwing alliance headed by Mr Silvio Berlusconi, the former premier, having obtained guarantees for their candidates to fight 110 seats in the chamber of deputies and senate covered by first-past-the-post voting.

This has been at the expense of other small allies – the candidates backing Mr Marco Pannella, the founder of the Radicals, and Mr Vittorio Sgarbi, the TV chat show polemicist. *Robert Graham, Rome*

ECONOMIC WATCH

Swedish GNP takes downturn



Sweden's economy went into reverse in the fourth quarter of last year, breaking a trend of rising output that had held since the end of the 1991-93 recession. Figures released by the Central Bureau of Statistics showed GNP shrank by 0.4 per cent in the last quarter, compared with the third quarter, leaving GNP growth for the full year at 3 per cent, slightly less than most estimates had reckoned. There was, however, better news on the inflation front as prices rose in the year to February by 1.7 per cent, compared with 2 per cent in the year to January. The easing of inflation pressures has allowed the central bank to cut interest rates in recent weeks in a bid to bolster flagging economic growth.

The fourth-quarter GNP figures reflected a 1.6 per cent fall in public consumption and slower growth in industrial output than earlier in the year. The results underlined forecasts that growth in 1996 will be well below last year's overall level, probably at less than 2 per cent. *Hugh Carnegy, Stockholm*

■ Portuguese prices jumped 0.6 per cent in February, but the annual rate of inflation remained steady from the previous month at 2.5 per cent.

■ Spain had a Pta216bn (£1.1bn) budget surplus in February after a deficit of Pta151.9bn in January, and compared with a Pta193.6bn surplus a year earlier.

Transatlantic row looming over Bosnia

The US wants to rearm Sarajevo, while Europe wants to improve relations with Serbia, report Lionel Barber, Harriet Martin and Laura Silber

Three months after the glittering Paris ceremony where US and European leaders buried their past squabbles to become co-sponsors of peace in Bosnia, the tawdry spectacle of a transatlantic row over the Balkans is looming once more.

European unhappiness with Washington will come to a head today when would-be providers of military aid to the Bosnian government hold a conference in Ankara, with the US chipping in the first $100m towards an $800m (£523m) rearmament programme.

The US plan to boost the Bosnian army is neither a new policy nor a contravention of the peace accord, which prescribes a ratio of 5:2:2 for the future arms holdings of Serb-led Yugoslavia, Bosnia and Croatia.

Given that the Serb side now has a greater advantage than this, observing this ratio means building up the Bosnian forces – unless the regional arms control talks now in progress in Vienna agree on lower ceilings all round.

But in the euphemistic language of diplomacy, European officials are saying that US zeal for rearming Bosnia is sending "all the wrong signals" to the region.

They fear it could wreck the already slender chances for genuine reconciliation, play into the hands of hardliners in all ethnic groups, and undermine the Vienna talks.

Feeling is running especially high in the entourage of Mr Carl Bildt, the EU nominee who is co-ordinating the civilian aspects of the Bosnian peace process – and risks becoming the scapegoat if it all goes badly wrong.

One official close to Mr Bildt described the US rearmament programme as "overkill" and said it could seriously complicate the former Swedish prime minister's work.

Washington's keenness to offer military aid is being contrasted with the parsimony of the US government, and above all Congress, in providing reconstruction assistance. The transatlantic tension comes at a delicate moment for Mr Bildt, who appears to be gradually succeeding in his efforts to persuade the US-led Nato mission to help him more with logistics and transportation.

Until recently, Mr Bildt's staff were often irritated by the way Nato commanders seemed willing to provide transport for US officials, such as the human rights envoy Mr John Shattuck, but not for the Swedish mediator or his staff.

Now this problem seems to be easing. But further scope for tension is provided by the delicate issue of how exactly to organise the elections to a complex series of Bosnian institutions which are due to take place between June and September this year.

On current plans, the electoral roll of 1991 will be taken as a basis for the forthcoming ballot – although half the people on that list are either dead or displaced.

Mr Bildt is understood to have argued privately for a more "realistic" election system in which people who have fled from one part of Bosnia to another would in most cases register in their new place of residence.

On the face of things, insistence on using the 1991 electoral rolls is a more idealistic approach, and doing anything else would amount to acceptance of the results of ethnic cleansing.

But the likely result of using the 1991 list is that many towns in Republika Srpska – the Serb zone of Bosnia from which most non-Serbs have been expelled – will have two local authorities: a "council-in-exile" elected by refugees who have little prospect of returning, and a *de facto* local authority appointed by current residents.

Carl Bildt risks becoming the scapegoat if it all goes badly wrong

This would further undermine the legitimacy and viability of Republika Srpska – an outcome the Bosnian government, and possibly its US supporters, might view as eminently desirable.

US officials have resisted the disbursement of any reconstruction credits for Republika Srpska, while some European countries have argued that the Bosnian Serbs should qualify for aid.

Analysts say the contrast between US and European priorities in Bosnia reflects a broader difference of approach to the region. US policy has always attached greater importance to shoring up the cause of the Bosnian Moslems, and drawing them away from the influence of Iran.

Many US politicians have argued that these aims could best be achieved by arming the Bosnian military, and if necessary backing it up with US air power. This school of thought questions the need for western ground troops, whose presence has often tied the Bosnian army's hands.

European governments, by contrast, have been most concerned with stabilising the region and containing the conflict, even if this involves concessions to the Serb side which the US regards as excessive.

This explains the contrasting behaviour of US and European diplomats in Belgrade.

While EU countries are visibly impatient to boost their relations with Serbia – and France has already upgraded its *chargé d'affaires* to the status of ambassador – the US remains very cautious.

Washington is tying full normalisation of its relations with Serbia to improvements in the status of the Albanian community in Kosovo, whose autonomy has been ruthlessly suppressed by Belgrade.

As long as the US and its European partners continue to co-operate amicably within the 60,000-strong Nato force, which has acted as a powerful stabilising factor, it should be possible to finesse most transatlantic differences.

But if Washington sticks to its plan to withdraw its 20,000-strong contingent by December, and the Bosnian parties remain as far apart as ever, the US-European relationship could again come apart at the seams.

So far, the Europeans are insisting that they will withdraw along with the Americans, come what may – but they, in the end, may have even more to lose from renewed war in Bosnia.

Armed Serbs carry an Orthodox cross through Grbavica, a Serb-held suburb of Sarajevo due to come under Croat-Moslem rule next week, after the closure of a makeshift church yesterday. Reuter

NEWS: THE AMERICAS

STOCKS TUMBLE FOR A SECOND DAY

US cigarette makers in disarray

By Richard Tomkins in New York

US cigarette manufacturers were in disarray and tobacco stocks tumbled for a second day as industry analysts digested the implications of this week's legal settlement between Liggett, one of the smallest tobacco manufacturers, and anti-tobacco lawyers.

The big tobacco companies vowed to carry on fighting anti-tobacco lawsuits in the courts, but the deal was widely seen as an historic turning point that could open the way for US cigarette manufacturers to be successfully sued for billions of dollars' worth of damages.

Mr Graham Kelder, managing attorney at the Tobacco Products Liability Project at Boston's Northeastern University School of Law, said the implications of the deal went far beyond the consequences for Liggett.

"For four decades, the tobacco industry has presented a united front to the world whenever anyone tries to regulate them or anyone tries to sue them," Mr Kelder said. "That has been the linchpin in their litigation strategy. Now that united front has been shattered, the other companies will be much easier targets for litigation."

Wall Street seemed to take the same view. In early trading yesterday, shares in Philip Morris, the biggest US tobacco company, plunged $5 to $93, following their decline of $3⅜ the day before. Shares in RJR Nabisco, the second biggest tobacco company, fell $1⅞ to $32.

Liggett, maker of Chesterfield and a range of cut-price cigarettes, announced on Wednesday that it had agreed an out-of-court settlement in the biggest lawsuit pending against the tobacco industry – the so-called Castano case, which seeks compensation for the consequences of smokers' alleged addiction to nicotine.

Liggett agreed with the plaintiffs' lawyers to pay 5 per cent of pre-tax profits up to a maximum of $50m over the next 25 years, and to extend the same provision to any cigarette company with which it subsequently merged. The money will go into a fund to help people give up smoking.

In a further provision, Liggett also agreed to abide by some of the restrictions proposed by the US Food and Drug Administration in its drive to limit marketing of tobacco products to children.

In return, the plaintiffs' lawyers have agreed that this will end all future claims against Liggett for nicotine addiction. They have also promised not to block a plan by Mr Bennett LeBow, the corporate raider who controls Liggett, to seize control of RJR Nabiscc and spin off its Nabisco food business.

Analysts say the deal is simply a ploy by Mr LeBow to boost his chances of controlling RJR Nabisco. But by acknowledging product liability for the first time, the deal also risks breaking the industry's record of never having paid out any damages in any anti-tobacco lawsuit.

US cigarette industry gave record amounts of money to politicians and political parties last year to fight growing pressure from the government, the advocacy group Common Cause said yesterday, AP and Reuter report.

Tobacco companies gave a combined $4.1m to federal parties and candidates in 1995, the highest total on record and dwarfing previous non-election-year giving, said Common Cause.

The total included $2.8m in unregulated "soft money", the cash companies and unions can give political parties in unlimited amounts to build their organisations and turn out voters, and $1.3m in direct giving to candidates.

Yesterday an organisation called The Campaign for Tobacco-Free Kids challenged members of Congress to stop accepting tobacco industry contributions. The group's general counsel, Mr Matthew Myers, proposed an advertising campaign and grassroots pressure on lawmakers.

Meanwhile European cigarette manufacturers closed ranks yesterday to insist that the landmark liabilities settlement agreed by Liggett on Wednesday would have no bearing on anti-tobacco litigation efforts across Europe.

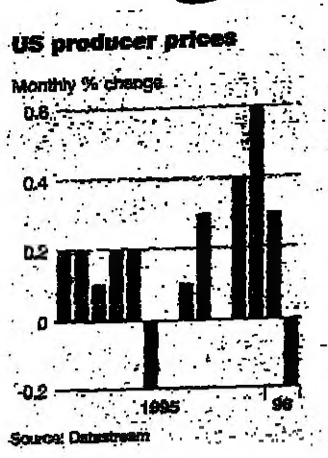
"This is a genuinely American case," Spain's state-owned Tabacalera said. "There is neither such strong anti-tobacco pressure in Europe nor such a habit of launching lawsuits."

However, a British law firm preparing a legal battle with the tobacco industry urged companies operating in Europe to follow Liggett and agree out-of-court settlements. London law firm Leigh, Day & Co said Liggett had shown a "degree of imagination" that could be used to resolve future claims across the industry.

The firm expects to bring some 300 cases of allegedly smoking-related cancer, emphysema and Buerger's disease – the circulatory condition that ultimately results in limb amputation – before the British High Court in July.

Prices down despite faster US growth

By Michael Prowse in Washington



US wholesale prices fell last month for the first time since last June, indicating that inflation remains subdued in spite of recent evidence of faster economic growth.

The labour department said the producer price index for finished goods fell 0.2 per cent, partially reversing a gain of 0.3 per cent in January. The annual rate of producer price inflation dropped to 2 per cent from 2.3 per cent.

The figures contrasted favourably with projections on Wall Street of an increase of 0.1 per cent last month. The drop reflected falls in food and energy prices. However, even excluding these volatile components, the "core" index rose by only a marginal 0.1 per cent, after a 0.1 per cent decline in January.

Separate data pointed to an improvement in job prospects, but at a slower pace than suggested by last week's report of a freak 705,000 increase in payroll employment in February. Initial claims for state unemployment insurance were reported down 10,000 to 353,000 in the week ending March 9.

The average of claims over the latest four week period – a better guide to the underlying trend – fell to 364,000 from 371,000.

The price and jobs figures suggest investors were wrong to conclude last week that the unexpected surge in payroll employment signalled a burst of unsustainable growth.

Instead they appear to corroborate the more reassuring findings of the Federal Reserve's latest survey of regional economic trends. This indicated most areas of the US are seeing moderate, non-inflationary growth after a stagnant period at the end of last year.

But given continuing uncertainty about the strength of the upturn, yesterday's producer price figures were not seen as sufficiently encouraging to prompt an early cut in short-term interest rates. The Fed is widely expected to take no-action at its policy meeting on March 26.

The price data showed little evidence of inflationary pressures at earlier stages of production than finished goods. The price indices for intermediate and crude goods fell 0.4 per cent and 0.7 per cent respectively.

Carlos Menem: chance of meeting 1996 fiscal targets Reuter

Menem granted powers to increase tax levels

By Matthew Doman in Buenos Aires

Argentina's Congress has granted President Carlos Menem significant new powers to modify tax levels by passing a bill which is seen as critical to the government's chances of meeting 1996 fiscal targets imposed by the IMF. The so-called "superpowers" bill gives Mr Menem and Mr Domingo Cavallo, his economy minister, powers to increase tax rates and levy new taxes without prior congressional approval.

In an apparent setback for the government, the lower house of Congress endorsed a Senate modification to the bill that will require a congressional committee to be consulted on the use of the new powers by the executive. However, most analysts believe the government will be able to work within its constraints. "Cavallo sent a tougher law to Congress than he wanted, and has ended up with what he wanted," one political analyst said. Significantly, the lower house rejected a second Senate amendment that would have required the government to initiate a wholesale reform of the tax system before June 1.

While the "superpowers" will increase Mr Cavallo's control of economic policy, he suffered a further political setback with the resignation on Wednesday of a key ally, Mr Hugo Gaggero, the head of the DGI tax bureau. Mr Gaggero said he was quitting to help in the investigation of allegations that bribes were paid in the awarding to IBM of a $249m contract to upgrade state-owned Banco Nación's computer system.

Mr Gaggero's departure followed last week's sacking by Mr Menem of Mr Haroldo Grisanti, the national post office head and another close confidant of the economy minister.

As part of the reshuffle of economic posts in the wake of Mr Gaggero's departure, another Cavallo ally and former deputy minister, Mr Carlos Sanchez, became tax chief, and economic planning secretary Mr Juan Llach became Mr Cavallo's deputy.

● AP adds: Argentina is to protest within two weeks to the UN to highlight alleged British breaches of South Atlantic fishing policy. "Britain's disobedience of the UN's indications and mandate is serious," Mr Guido Di Tella, foreign minister, said.

Venezuela cabinet reshuffled

By Raymond Colitt in Caracas

President Rafael Caldera of Venezuela yesterday reshuffled his cabinet, following weeks of protests and a threatened wave of strikes over government economic policy.

He made seven new appointments, including the ministers of planning, development, justice, interior, and the secretary of the presidency.

Mr Teo Eoro Petkoff of the MAS socialist party was named planning minister. Mr Petkoff, an economist, was recently appointed to the team to negotiate with the International Monetary Fund.

Mr Freddy Rojas Parra, former president of Fedecamaras, the federation of industrial and commercial chambers, will head the ministry of development.

House passes US spending bill

The US House of Representatives yesterday passed and sent to the Senate legislation financing a host of government operations for another week in a vote calculated to avert a partial government shutdown, AP reports from Washington.

The Senate was expected to follow suit and President Bill Clinton was expected to sign the measure. That would buy time for the administration and Congress to work out a compromise on a $160bn (£105bn) longer-term measure financing government operations during the six-and-a-half months remaining in fiscal 1996.

Although the one-week stopgap measure – the 10th temporary spending bill since the fiscal year began in October – passed comfortably, Democrats grumbled that it was a sign of Republican mismanagement. "This is a Congress that operates in spurts and it's sputtering today as its members head home for yet another extended weekend," said Congressman Lloyd Doggett.

Meanwhile, Republican congressional leaders and administration officials are signalling a deal on separate legislation to renew the government's borrowing authority into next year.

Mr Newt Gingrich, House speaker, and Mr Bob Dole, the Senate majority leader, decided on Wednesday to abandon plans to use a debt-extension bill to carve big savings from the Medicaid health programme and welfare.

The Republicans' retreat from that plan is a concession that there is little chance of enacting big parts of their budget-balancing agenda this year.

NEWS: INTERNATIONAL

Clinton in show of support for Israel, peace and Peres

By Julian Ozanne in Jerusalem

US President Bill Clinton yesterday pledged $100m as part of an anti-terrorism pact with Israel in a show of support for Mr Shimon Peres, the embattled prime minister.

Mr Clinton, on his third visit to Israel in 19 months, said Israel and the US would negotiate an agreement to combat terrorism which would include measures to cut foreign funding of terrorist groups and share intelligence information.

"I am taking this step because I'm determined that we must have every tool at our disposal to fight against extremist terror," Mr Clinton said. "Whatever effort it takes, whatever time it takes, we must say to (terrorists): You will be tracked down. You will be rooted out."

Suicide bomb attacks by the extremist Hamas Islamist movement have struck a heavy blow against Israeli-Palestinian peace and dented the electoral chances of Mr Peres, who called early elections on May 29 on a platform of making peace with Arabs.

In the West Bank, Israeli troops blew up the home of an assassinated Hamas master bombmaker as part of its campaign to punish the families of Islamist extremists and said it would expel activists linked to suicide bombings that have killed nearly 60 people in Israel.

Palestinian officials continued to press Mr Clinton to persuade Israel to reopen borders with the West Bank and Gaza Strip because of the harm to the Palestinian economy.

Mr Peres yesterday defended the border closure saying: "We are trying very hard not to create any starvation or any suffering... This is clearly a security measure and nothing else."

Throughout his whirlwind one-day visit to Israel yesterday Mr Clinton made a series of gestures designed to demonstrate solidarity with Israel, with Mr Peres and with the victims of Islamist terrorism. He joined a ministerial security inner cabinet meeting, the first foreign head of state to do so. Later he paid his respects at the graves of two people killed in recent attacks.

Israeli commentators said Mr Clinton's visit provided an emotional boost for the country and helped Mr Peres' electoral chances.

It also marked an end to Washington's long-held policy of even handedness in the Arab-Israeli conflict, they said.

Powerful show of unity papers over the anti-terrorism cracks

By David Gardner in Cairo

This week's *Middle East* summit in Sharm el-Sheikh, Egypt, is likely to diminish toleration within the region for terrorism and has revived hope in the Middle East peace process, badly damaged by the recent suicide bombings in Israel.

The summit's emphasis on intelligence-sharing, and declared intention to pick apart international fund-raising networks which support terrorism, should also make life more difficult for movements like Hamas, the Palestinian Islamists behind the attacks.

But the summit avoided any attempt to define terrorism, and it steered clear of the issue of Islamic fundamentalism and any attempt to distinguish between its armed and political variants. Its prime aim was to salvage the 1993 Oslo accords on Palestinian self-government in the Israeli-occupied West Bank, and to resuscitate talks between Israel and Syria.

While this has been widely welcomed, there is already concern that the anti-terror drive will blur the distinction between terrorism and dissent. This could license authoritarian Arab regimes to suppress political opposition in the name of national security, especially if it is Islamist, thereby fomenting more terrorism. For Mr Yassir Arafat's fragile Palestinian Authority, there is also the real fear that Israel's security blockade of his self-rule areas will rally Palestinians to the Hamas banner.

The difficulties of the strategy are well illustrated by Hamas and by Hizbollah, the Shia fundamentalist militia fighting Israeli occupation of southern Lebanon.

Hamas is a mass movement, which has commanded up to a third of Palestinian support in the territories. It is an offshoot of the pan-Islamic Moslem Brotherhood, with a network of schools, universities, clinics and charities funded mostly by donations in the territories and from Arabs in the US, Europe, Jordan and the Gulf.

Its political wing appears unable to control the activities of its military cells. The strategy evolved at the summit licenses a pitiless crackdown on the latter, while intending to frighten Hamas political leaders into doing more to rein them in.

Hamas fears that it could lose its solid social and political network.

Hizbollah is different in that it gets substantial funding from Iran, and is tolerated by Syria, which has nearly 40,000 troops in Lebanon. Hizbollah started with terror tactics like kidnappings and suicide bombings, but reinvented itself as a welfare network and guerrilla resistance to Israel's "security zone" in south Lebanon, winning support across Lebanon's sectarian communities.

Both Syria and Lebanon are seeking land-for-peace deals with Israel but in the meantime, regard resistance to occupation as legitimate. Both countries boycotted the summit, where Syria – unlike Iran – got an easy ride. Damascus hosts 10 secular and Islamist "rejectionist" groups. Yet President Clinton preferred yesterday to refer to Syria's "very considerable capacity" to contribute to regional stability.

Syria, despite its peace negotiations with Israel, remains on Washington's list of states sponsoring terrorism, along with Iran, Sudan, Libya and Iraq. But Syria is vital to the success of regional peace: to force Hizbollah to stick to politics if Israel withdraws from Lebanon, and rein in Palestinian radicals if Israel returns the Golan Heights.

The summit blur over what constitutes terrorism does not stop there. Saudi Arabia attended the summit, while refusing "normal" relations with Israel. The Kingdom has long supported the Moslem Brotherhood, regarded by Egypt, for instance, where it is the main opposition, as a cover for terrorism. Yet the Saudis fear the deep fundamentalist undercurrents in their kingdom, Iranian meddling in their oil-rich Shia eastern province and in Bahrain, and depend on Syria to mediate with Iran.

Or take Jordan, a staunch western ally. Mr Arafat complained to Mr Clinton that he was close to a ceasefire deal with Hamas before Christmas but opposition from Hamas political leaders in Jordan scuppered it. These leaders are under the wing of the Brotherhood's Islamic Action Front, Jordan's main opposition, which King Hussein brought into parliament to enhance the country's stability.

The gamble is that measures that evolve from Sharm el-Sheikh will hem in Hamas. Nobody wanted to spoil this impression. But more than a few would admit that this approach papered over big gaps on how to respond to the various strains of Islamic fundamentalism, and that avoiding the complex politics of the region to concentrate on security was an unlikely cure for terrorism.

Mugabe to win one-horse race

Tony Hawkins on the president's campaign promises – and threats

President Robert Mugabe will win a crushing, if hollow, victory at this weekend's Zimbabwe presidential election. With neither of his two original opponents mounting anything remotely like an active campaign, and one, the Reverend Ndabaningi Sithole pulling out four days before the vote, it is a classic one-horse race.

The 72-year-old Mr Mugabe, who has ruled Zimbabwe since independence 16 years ago, was opposed by two other septuagenarians, retired Bishop Abel Muzorewa and Mr Sithole, neither of whom is a serious contender for office.

Mr Muzorewa, who served as prime minister of the ill-fated Zimbabwe-Rhodesia transitional government at the end of the 1970s, is unable to shake off his previous links with Mr Ian Smith, former Rhodesian prime minister, while Mr Sithole is awaiting trial on charges of plotting to assassinate the president. Earlier this week Mr Sithole announced his withdrawal from the election, claiming he had obtained a copy of a secret Central Intelligence Organisation (CIO) plan to "destabilise" his campaign.

Mr Sithole's withdrawal is a non-event. Neither opposition candidate had the resources, party organisation or support base to mount a credible challenge to the ruling Zanu-PF party. Consequently, the main interest in the poll will focus on the voter turnout. With just under 4m people eligible to vote, the president needs a turnout of at least 60 per cent to even begin to offset the impression of widespread apathy created by the campaign.

The absence of foreign monitors is likely to mean that official turnout figures will be greeted with considerable scepticism internationally.

Nevertheless, the ruling party is relieved that the ramshackle opposition managed to find candidates, since for Mr Mugabe to have been returned unopposed would have been a severe embarrassment.

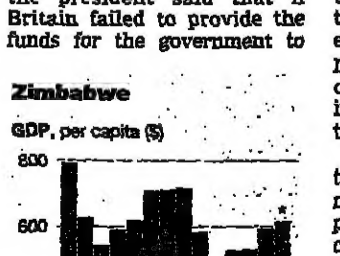
The campaign – to the extent that there is one – has done little for the image of multi-party democracy in Africa while positively damaging the business and investment climate. Mr Mugabe's rally speeches are a mixture of promises and threats – promises to spend as if there were no tomorrow on schools, clinics, housing and jobs, but above all promises to provide the country's 11m blacks with more rural land, by redistributing white-owned farmland.

President Mugabe with supporters at a rally in the Harare suburb of Highfields yesterday Reuter

The threats have largely been directed at the sections of the remaining 100,000 whites living in Zimbabwe – warnings to commercial farmers, industrialists (on several occasions described as "crooks") the banks (accused of profiteering by charging interest rates pegged to the Treasury bill rate set by the authorities), international companies for failing to promote black managers and the white community as a whole for blocking the progress of black business.

The main themes have been indigenisation of the economy and land resettlement.

At the start of the campaign, the president said that if Britain failed to provide the funds for the government to buy white-owned farmland for resettling blacks, the government would "acquire it for free". In recent rally speeches he has repeatedly promised to speed up land acquisition – only 72,000 families have been resettled against a target for the 1980-1985 period of 162,000 – while promising the government will pay for improvements in housing, tobacco barns and irrigation.



Mr Mugabe's focus on such issues is understandable. Sixteen years after independence, unemployment has more than trebled from less than 10 per cent to more than 30 per cent of the workforce; average real wages are little different today from their levels of the mid-1960s. Per capita incomes are lower than they were when he became prime minister. The budget last year was in deficit by 13.7 per cent of gross domestic product. Public sector debt exceeds GDP, and interest payments account for 30 per cent of total budget spending, while industrial output last year was the same as in the mid-1980s.

Running for a third six-year term with this record of economic failure, the president's persistent drumbeat of criticism of the white and foreign-dominated private sector is no surprise. The 25,000 or so economically active whites are cast as the villains of the piece. Indigenisation and especially land redistribution are the solutions.

This time it is going to be different, the president says. "I know some people are saying 'Mugabe is doing all this to woo voters'. Just wait and see what will happen after the elections," he said at a rally last week.

Many in the business, farming and diplomatic communities dismiss the president's rhetoric, arguing that, once a new finance minister is appointed, the cabinet will have to design a second phase of structural adjustment to replace the programme that ended last year with first the IMF, and then other donors, suspending disbursements.

Crucial to a new agreement is the restoration of macroeconomic stability, bringing down inflation from 22.6 per cent last year (and 28 per cent in January), halving the budget deficit, launching a meaningful privatisation programme and restructuring the public service. The conflicts between these goals and those espoused by Mr Mugabe on the stump could hardly be greater.

If the president is serious about implementing his programme, then it is going to be very difficult indeed – many would say impossible – to regain the IMF's confidence. The first outright expropriation of a farm would put paid to the country's foreign investment drive, while Mr Mugabe's hostility to privatisation, his commitment to "indigenise" the economy and his pledge to increase substantially, rather than curb, public spending highlight the chasm separating economic pragmatism from political wishful thinking.

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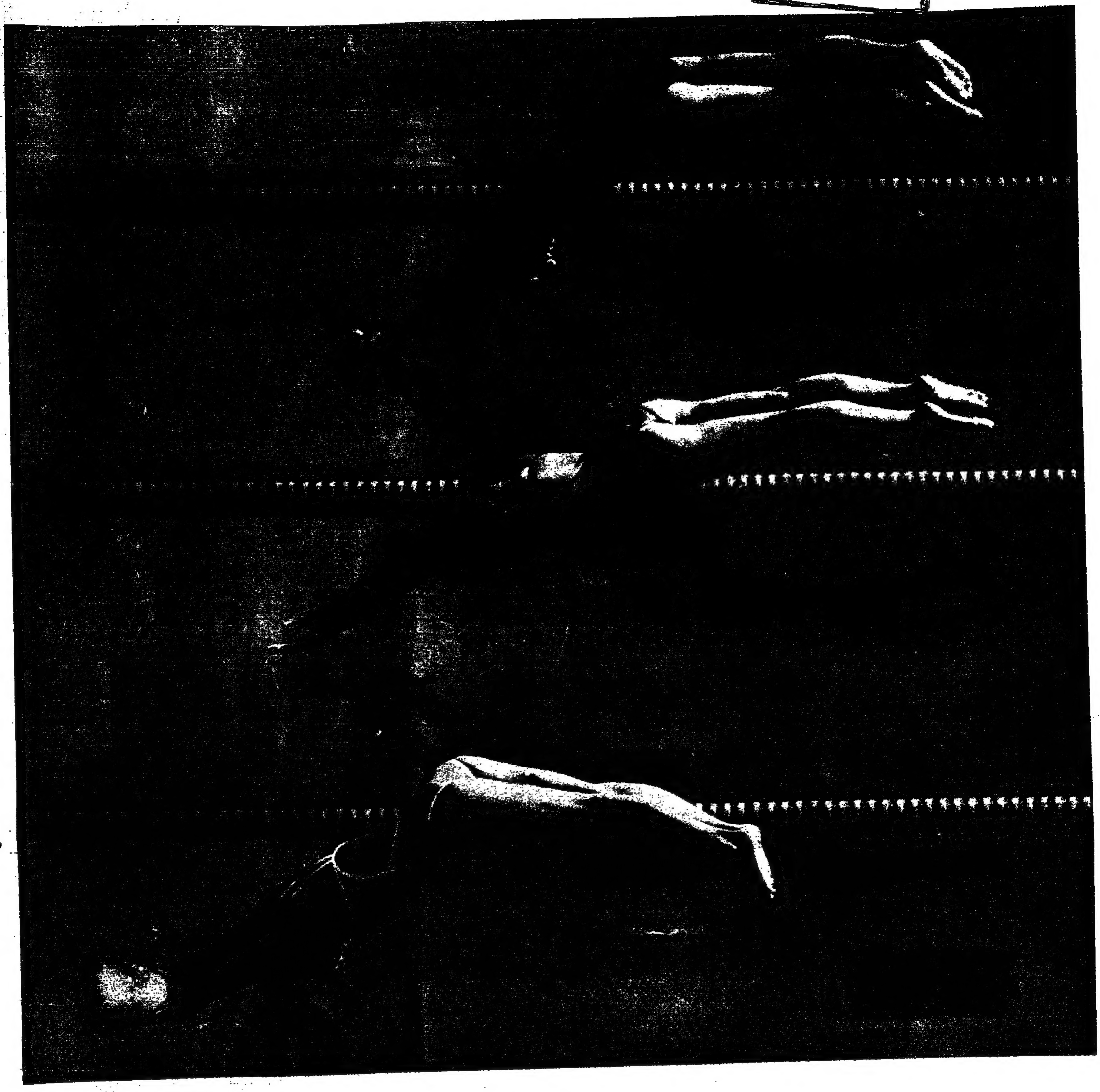

GM picks Poland for $340m plant

By Kevin Done,
East Europe Correspondent

General Motors, the world's biggest vehicle maker, yesterday signed a letter of intent with the Polish government to build a DM500m ($340m) car plant in southern Poland.

The project will be the biggest greenfield site investment made by the motor industry in central Europe (with the exception of eastern Germany) since the collapse of communism.

The GM plant will be at Gliwice, near Katowice, in the industrial region of Upper Silesia.

It will have an initial capacity of 70,000-100,000 cars a year and production is planned to begin in 1998.

The plant will employ about 2,000. It has been welcomed by the Polish government as a source of new jobs in a region undergoing restructuring from mining and heavy industrial sectors.

The deal was signed by Mr Klemens Scierski, Polish minister for industry and trade, Mr David Herman, chairman and managing director of Adam Opel, GM's biggest European subsidiary, and Mr Eugeniusz Ciszak, governor of Katowice province.

Mr Herman said the group would receive all the financial incentives of a special economic zone under Polish law. These included a corporation tax holiday of up to 15 years, duty-free imports of machinery and equipment, and duty-free imports of components.

GM is negotiating purchase terms for the 70-hectare site, owned by the local authority, as well as the development of local infrastructure and services including rail connections.

Several international components suppliers are also expected to establish facilities close to the plant.

GM has chosen a location that is becoming an important centre for the motor industry, with Fiat plants in nearby Tychy and Bielsko Biala, and a growing network of components suppliers in southern Poland and neighbouring regions of northern Slovakia and the Czech Republic.

Mr Herman said that the project would also support the development of the Polish supplier industry.

The US carmaker has established a central European purchasing office in Warsaw, with the aim of increasing purchases of local components and materials to DM1.5bn a year in the next few years.

The plant will make a low-cost family car based on the Opel/Vauxhall Astra, for sale mainly in central and eastern Europe. Between 60 and 70 per cent of output would be sold in Poland.

"This plant gives us the chance to create an affordable car for sale in transition markets. It will not have all the content of a west European car; that would be too expensive," said Mr Herman.

Investors troubled by Suharto's erratic moves

Manuela Saragosa reports on growing resentment over the Indonesian president's inconsistency

An epigram of the last two months of policy-making in Indonesia might read: "How to scare off foreign investors".

A flurry of policy decisions have led many investors to wonder what has happened to Indonesia's commitments to economic deregulation and free trade, and left them trying to second-guess President Suharto – highlighting the risks in a country where almost all decisions are approved by one man.

In January, the governor of Bali allowed President Suharto's grandson to collect a tax on beer bottles on the popular tourist resort, prompting an outcry from Indonesian brewers, one of which works in association with Heineken of the Netherlands and another with San Miguel of the Philippines.

That tax was quickly scrapped on presidential instruction, but confidence in the Indonesian business environment was undermined again when the government backtracked on promises that Chandra Asri, a $1.9bn petrochemical plant, whose shareholders include President Suharto's second son Mr Bambang Trihatmodjo, would not receive tariff protection.

The government quietly introduced 25 per cent import tariffs on propylene and ethylene in a move which raises raw material prices for Tri Polyta, an Indonesian resin maker listed on the New York Stock Exchange and Peni, a polyethylene manufacturer partly owned by British Petroleum and Mr Sigit Harjojudanto, President Suharto's eldest son.

In addition, at the end of February, a presidential decree was passed exempting Mr Hutomo Mandala Putra, President Suharto's youngest son, from a sales tax and tariffs on car components to develop what is being touted as a "national" car.

The car, which is being developed with technical assistance from South Korea's Kia Motors, qualifies under the "pioneer" national car scheme because it bears an Indonesian name and will be manufactured at wholly Indonesian-owned plants.

The decree drew a mixed response from analysts – some felt the measures would be beneficial to Indonesian consumers, who pay some of the world's highest prices for their cars, but others saw it as a blow to Japanese investors who dominate the Indonesian car market.

Billions of dollars of Japanese investment in the motor sector could be cancelled.

Industry analysts say the US government is also reviewing policy. Although Indonesia is not obliged to deregulate its car market under its World Trade Organisation commitments, analysts say the tax incentives for the "national" car scheme are effectively subsidies which discriminate against capital according to its origin.

Japan is the largest single investor in Indonesia with investments totalling $19.4bn. The US ranked as the fourth largest investor with commitments of $10.7bn.

Japanese car manufacturers, including Toyota, Daihatsu, Suzuki and Mitsubishi, have invested heavily in Indonesian plants over the past decade to meet local content requirements under an incentive scheme that provides tariff relief for producers who use Indonesian-made parts.

Suharto: rarely explains decisions

While these latest decisions may not detract from significant progress made in wider economic deregulation, the signals are damaging, according to a Jakarta-based economist. "These decisions show that the course of industrial policy is erratic. When changes are made without proper explanation and so suddenly, it gives the wrong signals to business."

Not that there is anything new about political clout swaying policy decisions in Indonesia – in 1991 for example one of President Suharto's sons established an effective monopoly on the clove market. What has raised eyebrows, however, is that these latest decisions have come in rapid succession and at a time when Indonesia has liberalised foreign investment restrictions to compete with neighbouring countries.

Fathoming President Suharto's rationale is a purely academic pastime. The president rarely explains his decisions, preferring to speak through ministers and senior officials.

In the case of the import surcharges on propylene and ethylene, the decisions were not announced at the time, but emerged later, through word of mouth.

Economists also note these recent reversals in industrial policy come at a time when the trade and industry ministries were fused ostensibly to make the policy-making process more efficient. Yet, "there appears to be a total lack of policy uniformity," says a research director at a foreign securities firm in Indonesia.

The "national" car programme, for example, will require increased imports of car components at a time when the government has expressed concern about its growing current account deficit. The deficit is running at $7.9bn in 1995-96, about 3.8 per cent of gross domestic product.

Indonesia has established a team of lawyers to study World Trade Organisation (WTO) rules in anticipation of complaints from Japanese carmakers over Indonesia's new car manufacturing policy, writes Manuela Saragosa.

Last week Japan's Ministry of International Trade and Industry indicated that it was studying whether the Indonesian reforms conflict with its WTO obligations.

Indonesian Industry and Trade Minister Tungky Ariwibowo said the government had prepared a team of lawyers to "intensively" study WTO clauses.

Mr Ariwibowo is also expected to meet the Japanese ambassador to discuss the issue.

Despite protests from Japan – which also ranks as one of Indonesia's largest creditor countries – hopes that the car reform package may be watered down, if not reversed, are weakened by the fact that it was signed by the president himself who stands to lose face if he backtracks.

Equally disturbing is the signal that political intrigue appears to be playing itself out in the economic arena. Peni, a large ethylene importer partly owned by President Suharto's eldest son, is still in the process of negotiating a contract with Chandra Asri, partly owned by President Suharto's second son, to purchase ethylene. The two parties have been unable to agree on a pricing structure.

The ethylene import surcharge, which only applies to polyethylene manufacturers such as Peni, effectively forces the British Petroleum subsidiary to accept Chandra Asri's offer. Meanwhile, a number of other parties are queueing up to benefit from the pioneer scheme for cars.

Notable in all cases is that the likely beneficiaries of the scheme would not be ethnic Chinese businessmen, who are widely resented in Indonesia for their wealth. To date the car market has been controlled by Japanese investors in joint-venture arrangements with Indonesian companies controlled by ethnic Chinese businessmen.

There has been much resentment at the fact that Japanese manufacturers placed export restrictions on cars assembled in Indonesia and that little transfer of technology has taken place.

Tax and tariff exemptions to manufacture a "national" car are being sought by the Bakrie Group, a prominent conglomerate, by Mr Probosutedjo, a cousin of President Suharto, by the Bimantara Group, controlled by the president's youngest son, and by BPPT, the state agency for technology and research, controlled by the minister for research and technology Mr Jusuf Habibie.

The foreign manufacturers offering technical assistance to these parties reportedly include an unnamed European car manufacturer, General Motors, South Korea's Hyundai and Land Rover of the UK.

The policies indicate that the government's reformists, who include finance minister Mr Mar'ie Muhammad, have been sidelined over the past two months. A senior official at the ministry of trade and industry said recently that "everybody in the reforming camp...is feeling very demoralised at the moment."

WORLD TRADE NEWS DIGEST

Nissan to make cars in Vietnam

Nissan, Japan's second largest carmaker, has applied for approval to manufacture vehicles through a joint venture in Vietnam. Nissan hopes to build a car and pick-up truck with a Vietnamese manufacturer in Danang to meet expected growth in demand in the country. The venture will be 25 per cent owned by Danang Automobile Mechanical Factory and 75 per cent by Nissan TCM, an investment company formed by Nissan, Tan Chong & Sons Motor, a Malaysian vehicle maker, and Marubeni, the Japanese trading company.

Manufacturing is expected to start in 1998, with production of 1,000 units in the first year. The Vietnamese market is forecast to grow from more than 10,000 cars a year to about 60,000 by the year 2000 and 80,000 by 2005. Nissan hopes that, by 2000, its factory will produce 3,000 units a year.

Mitsubishi said yesterday it would start making the Pajero, an off-road vehicle, at its Vietnamese factory to compensate for reduced production of minibuses, trucks and the small passenger cars developed with Proton, its Malaysian joint venture.

Mitsubishi has been manufacturing in Vietnam since last spring but has faced severe competition from lower-priced vehicles from South Korea. *Michiyo Nakamoto, Tokyo*

Samsung Motors eyes Europe

Samsung Motors, the new South Korean car company, has established a European headquarters in Frankfurt and may eventually build factories in Europe. However, any large industrial investments by Samsung Motors in Europe are not expected until after the year 2000 since it has not yet produced its first car. Samsung is building its first car plant at Pusan, South Korea, to begin production in 1998 and make 500,000 medium-sized saloons a year by 2000.

Europe is expected to be a main export market for Samsung as for other Korean carmakers. In gaining state approval in 1994 for its car project, Samsung promised the Korean government to export 55 per cent of its production up to 2002 to avoid disrupting the sluggish domestic market and causing losses for its competitors, which include Hyundai, Kia and Daewoo. Some analysts have expressed scepticism about Samsung's ability to enter overseas markets quickly since the industrial group has little experience in vehicle manufacturing.

Samsung is acquiring its automotive technology from Nissan of Japan. It is also recruiting at least 200 engineers from Nissan because of a shortage of qualified automotive engineers in Korea. *John Burton, Seoul*

Burger King to expand in Japan

Grand Metropolitan, the UK food and drinks group whose brands include Smirnoff vodka and Häagen-Dazs ice-cream, is aiming to have 100 of its Burger King restaurants in and around Tokyo by 2000. GrandMet, which already has 20 Burger King outlets in Japan, yesterday announced a $5m joint venture with Japan Tobacco. Under the deal the Japanese partner is to convert 40 of a chain of restaurants known as Morinaga Love to Burger King over the next 18 months. The Tokyo outlets will be used as a base for further expansion across Japan. Burger King has 8,200 outlets worldwide, and sales of £5.3bn ($8bn) last year. *David Blackwell, London*

Central America fund launched

Britain's Commonwealth Development Corporation has launched what it said was the first venture capital fund for Central America. The $22m fund will invest between $250,000 and $3m in small and medium-sized businesses in sectors including agriculture, tourism, manufacturing, power and services. Investments are possible in all seven Central American countries. CDC will contribute up to half of the funds with the rest coming from the InterAmerican Investment Corporation, Sweden's Swedfund and five local private sector institutions. Management of the fund will be provided by a separate company. CDC, a development finance organisation no longer funded by the British government, has $260m of investments in Central America out of a $2.2bn portfolio. *Stephen Fidler, Latin America Editor*

■ Britain's Export Credits Guarantee Department has extended its first buyer credit guarantee for Brazil since resuming cover in September. It has underwritten a $25.7m loan, arranged by Lloyds Bank, for the Brazilian company Schahin Cury. It is to help finance an order to a consortium led by Cable and Wireless for a fibre optic submarine cable system between Rio de Janeiro and Fortaleza. *Stephen Fidler*

Beijing hints at US aircraft order

By Michael Skapinker,
Aerospace Correspondent
in London and Nancy Dunne
in Washington

Aircraft manufacturers reacted cautiously yesterday to news that China might be prepared to award aircraft orders to US companies if Washington agreed to delay sanctions in a software trade dispute.

Manufacturers' wariness stems from their experience of China's practice of telling rival manufacturers they are likely to receive aircraft orders. Mr Li Peng, Chinese prime minister, is believed to have told Mr Jacques Santer, European Commission president, earlier this year that China would order aircraft worth Ecu300m ($384m) from Airbus Industrie, the European manufacturing consortium.

Mr Li also told Mr Hervé de Charette, French foreign minister, China would place an order for between 30 and 40 Airbus A310s and six A340s.

Airbus said yesterday it did not think that a decision by China to purchase aircraft from Boeing and McDonnell Douglas of the US would mean the European consortium would be kept out of the Chinese market. "The Chinese market is growing fast enough to accommodate all three aircraft manufacturers," Airbus said.

Boeing said the most recent news of China's interest left it feeling cautiously optimistic. The company said: "We've been talking with these people for quite a long time about what their next round of aircraft orders might entail. We haven't heard anything directly but it is encouraging."

US officials, who have been compiling a list of potential sanctions for China's failure to honour a bilateral pact on intellectual property rights, declined to comment on reports that Beijing is offering to complete orders for commercial jets if the US delays an imposition of sanctions.

Both sides were also continuing to review the venue and shape of future meetings as the US presses for a tougher crackdown on software, compact disc and video piracy.

Mr Mickey Kantor, US trade representative, has stressed the need for greater progress on market access in China. One US option, if no agreement is reached, would be to cite China under the so-called "Super 301" list of US trade law, a mechanism which aims to open the markets of "unfair traders" through talks, threats and sanctions.

Singling out China could go some way towards mollifying a Congress where sentiment has been building against renewing China's Most Favoured Nation trade status.

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Beijing hints at US aircraft order

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Kashmiri militants offer to negotiate

By Shiraz Sidhva in New Delhi

Four leading Kashmiri militants will meet an Indian government minister in New Delhi today for talks aimed at ending the armed insurgency in the Kashmir valley – the first time since the movement was started in 1989 that separatists have offered to negotiate without insisting on Pakistan's involvement.

If the talks announced yesterday with Mr SB Chavan, home minister, prove successful, they may pave the way for elections in the state to replace rule by the central authorities.

The offer is a boost for the government of Mr PV Narasimha Rao only weeks away from a general election. "The prime minister solved the Punjab crisis during his tenure, and if he brings peace to Kashmir he will have a strong chance to return to power," an opposition MP said last night.

The Indian authorities acknowledge, however, that the talks may be slow. The four leaders have been expelled from their militant groups after they announced in February that they were giving up their weapons. But home ministry officials point out that the rebel leaders still have considerable influence.

"The decision of these former hardcore militants to come to talks only reflects the larger will of the Kashmiri people who are tired of the fighting, and will do anything for peace," said one.

The leaders have wrested the peace initiative from the All-Party Hurriyat Conference, a political organisation made up of several militant groups. The Hurriyat has maintained that any talks with New Delhi would have to include Pakistan, the third party involved in the dispute, but India has rejected the condition.

Pakistan has denounced the talks with the four – Mr Babar Badar, Mr Imran Rahi, Mr Bilal Lodhi and Mr Ghulam Mohiuddin Lone – saying the "renegades" have no right to discuss the future of Kashmir.

Mondale warns Beijing against military miscalculation

US firm over Taiwan defence

By William Dawkins in Tokyo

Mr Walter Mondale, US ambassador to Japan, yesterday warned China not to miscalculate in military exercises off the coast of Taiwan and described its missile tests there as "reckless and provocative."

He told the Chinese government to be in "no doubt" that Washington would, after consulting Congress, apply the Taiwan Relations Act which obliges the US government to supply the island with enough weapons to defend itself. The Act commits the US to "appropriate action" if Taiwan is threatened by force.

Mr Mondale stressed in a Tokyo speech that "we are not on the brink of war" but pointed out that the recent dispatch of two US aircraft carrier groups was designed to "underline our interests and make sure there is no miscalculation." Despite the tests, the US continued to pursue its "active engagement" of drawing China more into the international community, he added.

The ambassador's remarks are intended to clarify the US response to China's military trials, criticised in Congress as ambivalent, said US officials. They are likely to be noted with great interest by the Taiwanese government, which ordered a US Patriot missile defence system last year and is awaiting delivery.

Equally, yesterday's clarification will be noted by the Japanese government, which earlier this week urged Beijing to show restraint, marking a new bluntness in a relationship normally handled with acute circumspection by Tokyo. Japan has close emotional ties with Taiwan, a Japanese colony for 51 years until 1946. The US was consulting Japan closely on the tensions between China and Taiwan, said Mr Mondale.

The first US carrier, Independence, was sent to the region last Friday, when China fired three missiles in test areas close to Taiwan. The second, Nimitz, was ordered to the region when China escalated the tests, by announcing naval and air trials with live ammunition.

Mr Mondale stressed that the US military presence in Asia depended on a substantial presence in Japan and said the US-Japan security alliance was "vital to the security of both countries and ensures the stability of east Asia."

US President Bill Clinton and Mr Ryutaro Hashimoto, Japan's prime minister, would reaffirm the crucial nature of the alliance at their summit in Tokyo next month and hoped to announce "important steps" towards consolidating the bases in Okinawa, in response to local objections, said Mr Mondale.

Of the 47,000 US troops in Japan, 28,000 are stationed on the island, which has long felt that it has had to bear more than its fair share of the burden. Antipathy flared up last autumn when a local schoolgirl was raped by three US servicemen. A joint US-Japan panel is examining ways to make the US presence on the island less intrusive, but the US has no plans for force reductions on Okinawa, seen as vital to projecting US force into east Asia.

Taiwan's President Lee Teng-hui (right) yesterday visited Penghu (the Pescadores), an island archipelago in the Taiwan Strait near the zone where China is conducting military exercises, declaring "no one is scared" by the military manoeuvres intended to frighten Taipei into abandoning a campaign for greater international recognition, writes Laura Tyson in Taipei.

A week before Taiwan's first democratic presidential elections, which are widely expected to return the president to office for another four years, Mr Lee campaigned just 43 miles away from where Chinese jet fighters and warships fired live missiles and staged bombing runs.

Mr Lee taunted his adversaries in Beijing, saying: "Freedom and democracy is the international trend. As for those dictatorial communist countries, people dislike them most because their people do not have human rights."

Mr Lee appears to be upping the ante in an increasing game of brinkmanship. "We have to walk out into the world. The Republic of China [Taiwan's official name] cannot be stuck here," he said, effectively quashing a suggestion this week by Mr Qian Qichen, China's foreign minister, that Taiwan drop efforts to join the United Nations.

Fearing Taiwanese businessmen may reconsider their mainland activities, authorities in the adjacent Fujian province of China promised protection for their investments.

Taiwan share prices rose for the second consecutive day, closing up 2.1 per cent, partly as a result of government-inspired support buying.

Companies apologise in Japan HIV scandal

By Emiko Terazono in Tokyo

Kneeling on the company linoleum, heads lowered to the floor in contrition, six top executives of Green Cross yesterday offered the apologies of Japan's leading blood products maker to haemophiliacs who contracted the HIV virus through untreated clotting agents it supplied in the mid-1980s.

Mr Takehiko Kawano, its president, led the televised manifestation of remorse, a kowtow rarely performed publicly in modern Japan. It had been demanded by those infected through its products who were present at the company's Osaka headquarters to hear Green Cross formally acknowledge its role in the scandal, as part of a settlement to be announced by the government today.

"We accept our responsibility," said Mr Kawano.

The company was one of five pharmaceutical producers to offer that acknowledgement and apology yesterday after a seven-year court battle. Untreated blood clotting agents were prescribed to haemophiliacs long after it was known that these carried the risk of infection with the HIV virus which leads to Aids.

A compromise agreement at the instigation of Mr Naoto Kan, the new health and welfare minister, comes after the district courts in Tokyo and Osaka this month called for those infected to be paid compensation.

The courts proposed that each plaintiff be given a Y45m (£279,000) lump sum, with an additional monthly payment of Y150,000 for those who have contracted full-blown Aids.

The courts suggested that the government should shoulder 40 per cent of the financial burden while the companies – Green Cross, the Japanese arms of Baxter of the US and Bayer of Germany, and the local Chemo Sero Therapeutic Research Institute and Nippon Zoki Pharmaceutical – bear the remainder.

An estimated 2,000 haemophiliacs contracted the HIV virus in Japan through untreated clotting agents, of whom 400 joined the lawsuits. Whether compensation will be extended to other victims has still to be decided.

The announcements are likely to ease public anger, which heightened earlier this year after the government apologised and disclosed documents indicating officials' knowledge of the risks in using untreated blood products as early as 1983.

Although the courts have advised the companies to divide the compensation burden according to their market share at the time, they have yet to agree on how this is to be calculated – such as by volume or value.

Mr Bob Hurley, president of Baxter, said the company held a 12.5 per cent market share although a company statement did not specify by which measure. Mr Wolfgang Plischke, president of Bayer Yakuhin, the local offshoot of the German multinational, said there were legal and technical matters which needed further discussion. Green Cross, acknowledged to have been the market leader, declined to reveal its figures although Mr Kawano said the company would remain in the red for several years as a result.

Howard stresses Asia with Mahathir meeting

By Nikki Tait in Sydney

Mr John Howard, Australia's new prime minister, has moved swiftly to quash the impression that his government will be less interested in the Asian region than the previous Labor administration, by securing a meeting in Brisbane later this month with Dr Mahathir Mohamad, his Malaysian counterpart.

The meeting on March 29 is being described as informal and will be added to the Malaysian prime minister's trip to New Zealand earlier that week.

However, the Malaysian leader will also stop over in Darwin, en route to New Zealand on March 25, where he will meet Mr Alexander Downer, the new foreign minister. Dr Mahathir last visited Australia in 1983.

Mr Howard said that he expected to hold "broad-ranging discussion about our bilateral relationship and other regional and global issues of mutual interest". He added that the earlier meeting with Mr Downer "indicates the importance my government attaches to Australia's relationship with Malaysia, and the attention that Mr Downer intends to give to the enhancement of that relationship".

Relations between the Labor government and Malaysia were sometimes sticky – the last diplomatic rumpus coming in 1993 when Mr Paul Keating, the former prime minister, described Dr Mahathir as "recalcitrant" for not attending an Asia-Pacific Economic Co-operation forum meeting.

Over the past couple of years, matters have moved on to a surer footing, and last year Mr Keating paid the first official visit to Malaysia by an Australian prime minister since 1984.

Nevertheless, Malaysia's opposition to Australia and New Zealand being considered part of Asia meant they were excluded from the Asia-European Union summit in Bangkok this month – a stance which Dr Mahathir has appeared unwilling to relax.

ASIA-PACIFIC NEWS DIGEST

Irian Jaya mine resumes work

Freeport Indonesia, the Indonesian unit of the US mining company Freeport McMoRan Copper & Gold, resumed normal production rates yesterday at its Grasberg mine in Irian Jaya following a three-day shutdown because of rioting in the area. The company said it did not expect "any significant financial impact from the temporary shutdown", noting that damage to its facilities "consisted mainly of broken windows and similar damage to buildings and vehicles."

Freeport said the Grasberg mill was working at capacity again and noted that copper concentrate loading from the local port had continued throughout the shutdown.

Tribespeople have stopped rioting in the town of Tembagapura, where the Freeport mine is located, and the lowlands areas around Timika after the Indonesian army deployed some 200 to 300 troops to patrol the area.

Discontent has focused on the perceived lack of benefits flowing to local communities from the mine, its social impact and environmental concerns. *Manuela Saragosa, Jakarta*

Corporate spending rise

Capital spending by Japanese companies increased for the third successive quarter in the last three months of 1995, providing further evidence of the country's gradual economic recovery. Corporate investment rose 5.7 per cent compared with the same period a year earlier, according to a survey published yesterday by the ministry of finance, with the increase especially marked among manufacturers.

"The latest survey underscores the view that the Japanese economy is showing a moderate recovery trend," a ministry official said. Manufacturers increased their capital outlays by 7.4 per cent on a year earlier, with non-manufacturers recording a 5.0 per cent increase.

Meanwhile, a survey by the Japan Development Bank suggested that corporate spending plans for 1996 point to a continued recovery in investment. Private sector capital formation in the financial year beginning next month is expected to rise by 0.7 per cent, the second successive year of growth. The figure is lower than the current year's 5.7 per cent projected increase, but a bank official said the forecast for the next year reflected a familiar caution on the part of companies. *Gerard Baker, Tokyo*

China bank dealers charged

Two dealers in the Bank of China took bribes and racked up losses of $175m (£114m) in illegal foreign exchange trades that went wrong, the Shanghai Securities News reported yesterday. The newspaper said the two employees in the foreign exchange department of the bank in the eastern province of Shandong had been charged with receiving bribes of $120,000 each in return for making the trades.

An official of the Bank of China branch in the Shandong city of Qingdao said the two named in the report, Mr Ding Mali and Mr Zhai Luguang, were formerly the head and deputy head of its foreign exchange department. She said the case was still under investigation and had not yet gone to court.

Officials at the Beijing head office of the Bank of China, which is one of China's big four state-owned banks and the country's principal foreign exchange bank, declined to comment on the case. *Reuter, Shanghai*

■ South Korea released on bail a union leader adopted as a prisoner of conscience by Amnesty International. The Justice Ministry said "all legal proceedings will go ahead" against Mr Kwon Young-kil, head of the outlawed Korea Confederation of Trade Unions. *Reuter, Seoul*

■ Mr Takumi Ogawa, who as deputy mayor of Kobe was in charge of rebuilding the western Japanese city in the aftermath of the January 1995 earthquake, burned himself to death yesterday. Mr Ogawa, 64, killed himself using kerosene. *Kyodo, Kobe*

Manila's reforms 'back on track'

By Edward Luce in Manila

The four-year economic reform process in the Philippines appeared to be back on track yesterday after nine months of political in-fighting which had threatened to derail vital planks of the government's liberalisation programme.

The pro-government coalition, which suffered heavy defections earlier this year because of the unpopularity of some of the reforms before Congress, yesterday said it had reached bicameral consensus on the basic elements of a bill to deregulate the oil industry.

The oil bill, which had been held up because of disagreements on the level of protection to be given to the fledgling downstream industry and fears of a popular backlash over scrapping petrol subsidies, is now expected to be enacted in the next two months.

Under the accord the crude oil tariff will be cut to 3 per cent from 10 per cent and refined oil and petrochemical products will face a 7 per cent tariff compared with 20 per cent. The bill will abolish an oil price buffer fund which subsidises domestic prices.

Other reforms which President Fidel Ramos yesterday said were back on course to be passed before the congressional session ended in June included liberalisation of the retail sector; opening up investment houses, such as mutual funds, to foreign ownership; scrapping of non-tariff protection on the agricultural sector; and a move to end vote rigging in elections.

"We are very pleased to see that there is now a consensus on oil deregulation," said Mr Reinier Willems, head of Shell Pilipinas, the local arm of the Anglo-Dutch company. "We are cautiously confident that by this time next year petrol prices will be set by the market and not subsidised by the government."

Deregulation of the oil industry and the introduction of a new tax system have been singled out by the International Monetary Fund as the most important reforms which remain to be implemented.

Last week the IMF concluded its quarterly review of the Philippine economy expressing cautious optimism about the progress of the Philippine economy.

Labour eases stance on anti-terrorism law

By John Kampfner in London and John Murray Brown in Dublin

The British parliament was set last night to renew emergency anti-terrorism legislation for a further year as the Labour party dropped its previous opposition to the Prevention of Terrorism Act.

Labour party business managers, who instructed their MPs to abstain in the vote, were hoping to contain a mini-revolt by a small group of backbenchers with strong leanings towards Irish nationalism.

Mr Michael Howard, home secretary, told the Commons that the end of the Irish Republican Army ceasefire and warnings of 25 years of terrorism ahead provided a "bleak backdrop to our debate".

He was speaking as Sir Patrick Mayhew, chief Northern Ireland minister in the British government, held talks in Dublin with Mr Dick Spring, the deputy prime minister of the Republic of Ireland. They discussed the latest round of meetings with the constitutional parties from Northern Ireland.

Sir Patrick had earlier reported to the UK cabinet on the 10 days of discussions with the parties that had apparently failed to narrow differences on a mechanism for elections to a forum which will delegate representatives to all-party talks.

Downing Street officials said Mr John Major, the prime minister, and other senior ministers would receive position papers from Sir Patrick over the weekend ahead of a final decision early next week on the election format.

The government appears likely to back proposals for Westminster-style constituencies set out by the Ulster Unionists, the province's largest party.

Leaders of the main parties, including Mr David Trimble of the Ulster Unionists and Mr John Hume of the moderate nationalist Social Democratic and Labour party, are gathering in Washington for a White House St Patrick's Day reception to be hosted by President Bill Clinton tonight.

Mr Major told the Commons that he, Mr Clinton and other world leaders had united during their conference in Egypt on Wednesday in their resolve to combat terrorism.

"The Prevention of Terrorism Act has proved of indispensable value as part of our armoury against terrorism and it is vital that its powers are continued by this House," he said.

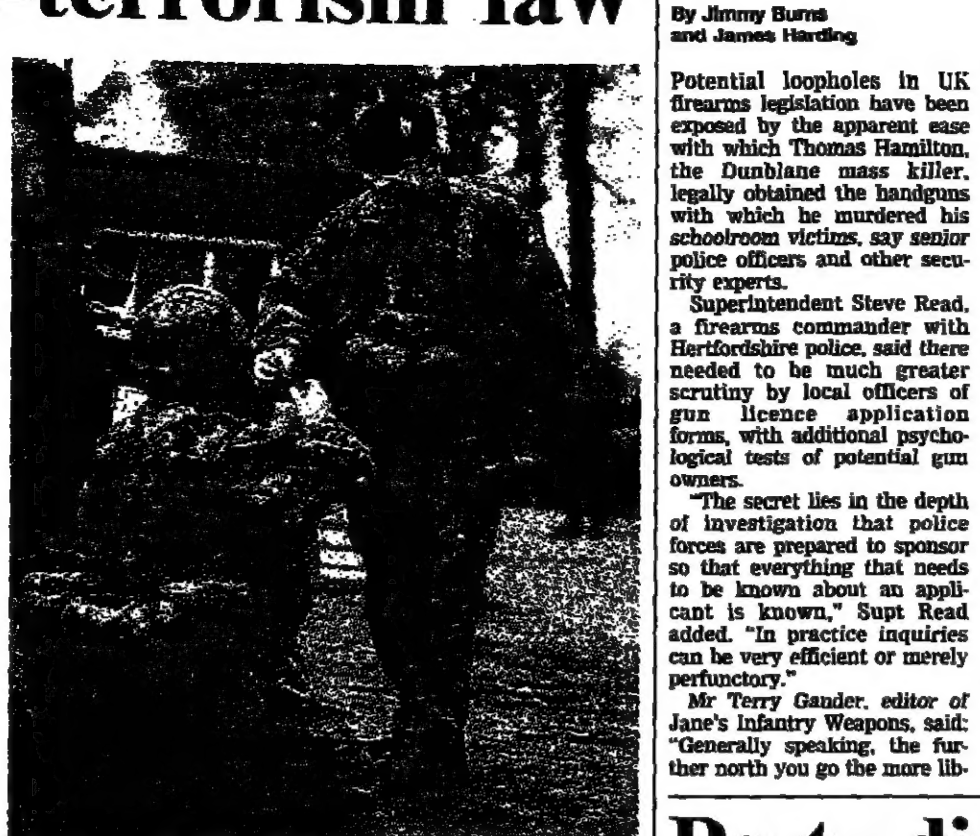
Mr Michael Howard, home secretary, said the powers to make exclusion orders – banning individuals from entering mainland Britain – had deterred terrorists from carrying out attacks. "The events of the last few weeks surely put the continuing need for the act beyond doubt," he added.

Labour's decision to abstain in the vote marked the first time since 1982 that the party had voted not to oppose the act, arguing that it threatened civil liberties. The government announced earlier this year that the act would be reviewed by a prominent judge.

● More than half of Northern Ireland households suffered a loss of income as a result of the last UK national Budget, says a report published today. This is in sharp contrast to the government policy of targeting social needs in the region.

The report by the Northern Ireland Economic Council, an independent think tank, says the level of welfare dependence in Northern Ireland means that the decisions by Mr Kenneth Clarke, the chancellor of the exchequer, have a disproportionate impact on the local economy compared with the rest of the UK.

The analysis says that, compared with the rest of the UK, Northern Ireland incomes are lower, there are more unemployed households and families are larger.



British soldiers remember Ireland's patron saint: Sergeant Anthony Murphy of the British army's 1st Battalion, Royal Irish Regiment, delivers sprigs of traditional Irish shamrock marking St Patrick's day to soldiers manning checkpoints in Northern Ireland near the border with the Irish Republic

Schoolroom killer had been issued with certificates for six weapons

Murders expose gun law loopholes

By Jimmy Burns and James Harding

Potential loopholes in UK firearms legislation have been exposed by the apparent ease with which Thomas Hamilton, the Dunblane mass killer, legally obtained the handguns with which he murdered his schoolroom victims, say senior police officers and other security experts.

Superintendent Steve Read, a firearms commander with Hertfordshire police, said there needed to be much greater scrutiny by local officers of gun licence application forms, with additional psychological tests of potential gun owners.

"The secret lies in the depth of investigation that police forces are prepared to sponsor so that everything that needs to be known about an applicant is known," Supt Read added. "In practice inquiries can be very efficient or merely perfunctory."

Mr Terry Gander, editor of Jane's Infantry Weapons, said: "Generally speaking, the further north you go the more liberal police tend to be in gun licensing."

Earlier yesterday Mr Roy Cameron, president of the Association of Chief Police Officers, stressed that chief constables went to considerable lengths to try to ensure that guns were not in the hands of potentially dangerous people. "Before a firearm or shotgun certificate is granted, chief constables will satisfy themselves that the applicant is not prohibited under the Firearms Act from possessing firearms, is not of intemperate habits or unsound mind, be satisfied that the safety of the public will not be endangered by an applicant's possession of weapons and ensure that there is good reason for requiring firearms."

But public anger has raised questions about Hamilton's possession of a personal firearms certificate even though he had been expelled from the Scout movement and been the subject of several police and other local inquiries following allegations of his behaviour with children. He had owned a gun licence since 1977 and been a member of various gun clubs, it was confirmed yesterday.

The Scottish Office reported that the man who murdered 16 children using four licensed handguns had certificates for six weapons in all. These were a 7.6mm rifle, a 2.2mm rifle, two .357 revolvers and two 9mm pistols.

Under the 1968 Firearms Act, a firearms certificate entitles the holder to own a number of weapons. "People who have firearms certificates can have a range of weapons for different purposes, so it is not unusual that a person with a certificate has a variety of guns of different calibres," a government official explained.

Hamilton is thought to have filled in a three page standard application form including a negative to the questions "have you now or have you ever had any form of mental disorder," and "have you been convicted of any offence."

All through yesterday people trickled through the doors of Dunblane cathedral, our Scottish Correspondent writes in Dunblane. A few knelt to pray but most sat quietly, contemplating in silence the horror of Wednesday's massacre at the primary school. Some people brought flowers. A great profusion of early spring flowers, mostly white, arrived from an anonymous person in Saudi Arabia, labelled only with the words: "So sorry. The human race."

The 13th century Gothic cathedral is becoming a centre of mourning and reflection in the city. Tonight a vigil will be held to remember those who died. On Sunday, which poignantly is Mothers Day, there will be a special morning service.

"I think that on the surface normality will return to Dunblane very quickly," said the Reverend Moira Herkes, the associate Church of Scotland minister at the cathedral. "That's what Scots are like: we display an outward calm and an absence of emotion. But underneath there's suppressed grief and anxiety."

Party divided on EU referendum

By Robert Peston, Political Editor

Senior MPs in the opposition Labour party admitted yesterday that it is in effect committed to holding a referendum on sterling's membership of a single European currency if monetary union begins in 1999 on schedule and a decision has been taken for sterling to join.

However, just as the governing Conservative party's cabinet is split on whether to make a firm referendum commitment, there is division on the issue at the top of the parliamentary Labour party.

Earlier this week Mr Robin Cook, the Labour party's shadow foreign secretary, said in the House of Commons that "no British government can join a single currency without the consent of the British people". This was a simplification of Labour's formal position that it would not take sterling into a single currency without seeking popular assent either through a referendum or a general election.

The party accepts that the next general election in Britain will not be fought on whether to join a single currency. Even if the election were held at the last possible moment – in the middle of next year – a decision on monetary union would be premature.

As a result, if a Labour government decided in 1999 to replace the pound with the euro – and assuming that monetary union is initiated on the current timetable – it would have to hold a national referendum. "There is no escaping that", said a frontbencher.

The question therefore is why Mr Tony Blair, Labour's leader, has resisted the temptation to make this commitment more explicitly. One reason is that the shadow chancellor of the exchequer, Mr Gordon Brown, is just as hostile to making a referendum commitment at this moment as Mr Kenneth Clarke, the Conservative party's chancellor.

Mr Brown is opposed to narrowing his room for manoeuvre on the single currency issue three years before the decision is taken. He is also concerned that such a public commitment might damage the warm relations which Labour has cultivated with pro-EU governments across Europe. "It would send out the wrong signals", said a senior member of the party.

But there is a strong counter-argument for Labour in favour of a firm referendum commitment, in that it would upstage the government's imminent pledge on the issue.

The prime minister hopes in the coming fortnight to overcome Mr Clarke's opposition, permitting him to make the referendum promise at the end of the month. He hopes in this way to persuade recalcitrant Eurosceptic Conservatives to cease their campaigning to keep sterling outside a single currency until after the election. However, the Eurosceptics' decision whether to call a truce depends in part on Labour's referendum position. "If Labour were to make the pledge first, it would put us in an appalling position", said a leading Tory sceptic MP. "We would then be seen to be copying them. In those circumstance most of my colleagues would feel they had to press Major for a definitive commitment never to join a single currency."

This prospect is causing considerable anxiety in the cabinet and has naturally persuaded some senior members of the Labour party to argue for a pre-emptive strike. Mr Tony Blair, Labour's leader, is however unpersuaded. "We are quite happy with our current position," said one of his close colleagues. "If we made the explicit referendum pledge, we would be accused of political opportunism."

Philip Stephens, Page 16

European loses case against Economist

By John Mason, Law Courts Correspondent

The weekly newspaper The European failed yesterday in its claim that the trademark of its title had been infringed by European Voice, a Brussels-based tabloid recently launched by The Economist magazine. The claim was made in the High Court in London.

A judge refused to grant an injunction to force The Economist to rename its new publication. He said there was no chance that the use of the word European in both titles could lead to confusion among readers.

The European had complained that the use of the word European might make people think that it rather than The Economist was publishing the new weekly. The European was founded by the late Robert Maxwell and is now owned by the multi-millionaire Barclay brothers.

European Voice was launched last October by the Economist, in which Pearson, the British media group which owns the Financial Times, has a 50 per cent stake. The paper is aimed at a specialist readership, principally members and staff of European Union institutions such as the Commission and Parliament. It has a relatively small print run of 20,000, circulates mainly in Brussels and does not use colour.

The European is a weekly colour broadsheet with a circulation of about 165,000 among the general public.

"It is quite clear that different people, equally eminent and experienced in the trade, take different views on the question," said the judge. In the end, he relied on his own view the two titles were not similar enough to create confusion, he said.

A spokesman for The Economist said afterwards: "We were surprised The European ever brought this case and are pleased at the judge's ruling".

Mr Charles Garside, editor of The European, said the paper would studying the judge's ruling.

Exchange may admit property trusts

By Simon London, Property Correspondent

The London Stock Exchange is considering changing its rules to allow a new generation of tax-efficient property investment vehicles.

The rule changes under consideration would allow the creation of property unit trusts which would be allowed to trade on the exchange. Fund managers now wishing to invest in property have the choice of buying actual buildings or shares in a property company or unlisted unit trusts.

Property companies pay corporation and capital gains tax, which makes it more efficient for tax-exempt investors such as pension funds to own buildings directly rather than shares in a property company. However, this creates a second problem: property can be a difficult asset to buy and sell, and an administrative burden to manage directly.

The rule changes could thus provide a financially attractive way for fund managers to turn their property portfolios into more easily tradeable investments.

A group of fund managers, for example, could pool buildings which they owned directly into a new listed trust in which they would own shares. These could then be traded on the stock exchange.

The successful introduction of liquid tax-efficient property funds could lead to a widespread restructuring of the UK property market. Pension funds could exchange their illiquid property portfolios for liquid securities without suffering any tax disadvantage. This would pave the way for the creation of a liquid market in property securities similar to the $50bn US Real Estate Investment Trust (REIT) market.

The exchange is expected to circulate in the next few weeks the draft of a new chapter to its Yellow Book, which contains listing requirement for all listed securities. New rules allowing property funds with a full stock exchange listing could be introduced as soon as the summer. Such funds are likely to be based on the unit trust structure, where the investment's capital base grows and shrinks as units are bought and sold, unlike companies or investment trusts in which the share capitalisation is fixed. UK fund managers have long argued for the introduction of property investment vehicles which are more tax transparent than property companies.

The latest initiative has been spearheaded by Mr Dik Dusseldorp, the founder and former chairman of Lend Lease, the large Australian combine.

Mr Dusseldorp, who in the 1970s helped create the Australian property trust market and the US REIT market, wants to create a vehicle based on the unit trust formula but with a full listing.

Acquisitive London-based company plans expansion programme in US and east Asia

Steel group invests $950m in Kazakhstan

By Stefan Wagstyl, Industrial Editor

It is not every day that a privately owned company in London's Berkeley Square decides to invest nearly $1bn in a rundown steelworks with 38,000 staff in the former Soviet Union.

But Ispat International, the steel group which recently announced plans to invest $950m in Karmet, Kazakhstan, thrives on taking risks that others might have avoided.

The group, which last year moved its headquarters from Jakarta to London, has in the last decade created a business encompassing Indonesia, Trinidad and Tobago, Mexico, Canada and Germany. Under Mr Lakshmi Mittal, its Indian-born chief executive, Ispat has established itself as one of the more dynamic of the world's steelmakers.

Lakshmi Mittal: "We can see lots of potential"

Nevertheless, the Kazakhstan venture is Ispat's biggest gamble yet. Even in its first year it will add some $1bn to the group's $2bn turnover and add more than 30,000 to the payroll of 6,500. Moreover, whereas much of Ispat's recent expansion has coincided with buoyant steel markets, the latest investment comes amid signs of a slowdown.

Mr Mittal, 45, has no doubts that Ispat can modernise Karmet, the world's third largest steelworks. "We can see lots of potential." He is so confident that Ispat is simultaneously pressing ahead with plans to expand in the US and east Asia, and with the overhaul of Irish Steel, the only steelworks in the Republic of Ireland.

Mr Mittal has good reason to believe in his management skills. He was born into an Indian business family which made its fortune in steelmaking in India. The eldest of four sons, he decided in his mid 20s to strike out on his own and established the family's first overseas operation in Indonesia in 1976. In 20 years he has turned an initial $1.5m investment in a rolling mill into a group making 6.5m tonnes of steel a year with assets of $3.5bn, or $1.8bn after deducting bank loans. Mr Mittal has steadily cut the commercial links with his family in India, leaving him and his wife as sole owners of Ispat.

In 1988, he took management control of Trinidad's state-owned steel company, which he bought outright last year. Other acquisitions followed – state-owned companies in Mexico, Sidbec-Dosco in Quebec, and Hamburger Stahlwerke in Germany.

Generally, purchase prices were low but the acquisitions were tied to investment commitments. Ispat has concentrated on producers with electric arc furnaces – small furnaces which can make steel economically in much smaller quantities than traditional integrated steelworks using big blast furnaces. Unlike the latter, electric arc furnaces can be be run without large amounts of scrap steel as feedstock. Instead, they use direct-reduced iron made by a special process straight from iron ore. Ispat claims to be the world's biggest producer of direct-reduced iron.

Although direct-iron-based steel accounts for only 35m tonnes out of world steel output of more than 700m tonnes, investments by Ispat and others could bring another 20m tonnes on stream by 2000.

The direct-reduced iron process has spared Ispat from the swings in scrap metal prices which have been high in the 1990s because of solid demand for steel. So, Ispat has enjoyed a cost advantage over many traditional steelmakers. It has also capitalised on its trading skills and international network to switch supplies between different markets to maximise profits.

Kazakhstan is a challenge of a different order. Not only is the plant much bigger than Ispat's others, it is based on traditional blast furnaces and is poorly served by international transport links. Ispat's plan is to close lossmaking operations, cut staff by 10,000, and invest to raise output from less than 40 per cent capacity to near the maximum of more than 6m tonnes a year. Mr Mittal has paid about $450m for the works and intends to invest about $500m over five years.

At the same time, he is busy looking for opportunities in the US, where he recently announced plans for a plant making 1.5m tonnes of direct-reduced iron a year. He hopes to follow this with investments in electric arc furnaces, possibly buying plants from existing producers. Mr Mittal says: "We set ourselves the target of producing in the former Soviet Union and in the US. We have done the first. Now we need to do the second."

Meanwhile, Ispat has signed an agreement with Kobe Steel, the Japanese steelmaker which developed important elements of the direct-reduced iron technology, to explore investment possibilities in east Asia.

Mr Mittal has also made time to push through his investment in Irish Steel, which the government of the Republic of Ireland is supporting with aid worth I£38m ($59m). The deal, which was challenged by the UK government on the grounds that it broke EU state aid rules, was eventually approved by the European Commission after Ispat accepted limits on Irish Steel's output. Asked why he had spent so much effort on a relatively small plant, Mr Mittal shrugs his shoulders and says: "I like a challenge."

UK NEWS DIGEST

Nuclear fleet cost up by $725m

The estimated final cost of Britain's Trident nuclear deterrent rose by £477m ($725m) last year, but the Ministry of Defence said the programme was still running below its original projected budget. Mr Michael Portillo, defence secretary, said the increased cost was largely caused by inflation and exchange rate variations, although he admitted that real costs had increased by £112m. The higher than expected cost of building a new refit facility at Devonport Dockyard in south-west England is understood to be one factor.

Mr Portillo said the four-boat Trident submarine force would be ready on schedule and that the second vessel was launched on time at the end of 1995. Mr Bruce George, vice-chairman of the House of Commons defence committee, said MPs would demand a full explanation of the reasons for the increased costs. "When you look at every single procurement project the ministry embarks upon, on the whole it does not work or it is over budget at the end of the day," he said.

George Parker, Westminster

$3bn loan facility for Railtrack nears completion

Railtrack, owner of the state rail network's track and stations, is close to finalising a loan facility of between £2bn ($3.04bn) and £2.5bn which should finance its investments into the next century. Railtrack is set to be floated on the London stock market next month. The facility, which is likely to have a life of between five and seven years, is an important plank in Railtrack's privatisation because the London Stock Exchange requires a company seeking a listing to have sufficient financing in place for working capital and investment.

BZW, the investment banking arm of Barclays Bank, is arranging the facility. Once the financing is in place, Railtrack can issue its prospectus. The flotation will take place in May. Bankers said the government's decision to write off £1bn owed by Railtrack would allow the company to draw on the facility without damaging its balance sheet or worrying its shareholders. The government's action means that Railtrack is likely to have a capital structure of £585m to £600m of debt and about £1bn of shareholders' funds.

Antonia Sharpe, Markets Staff

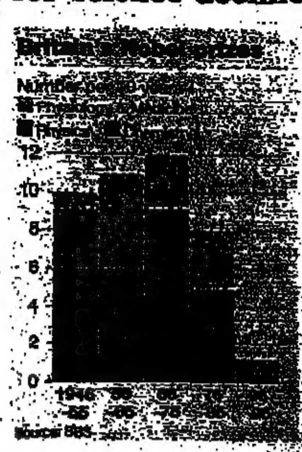
Accountancy bodies are urged to co-operate

The accountancy profession's six main representative bodies are being urged to take further steps towards closer co-operation in the wake of continued failure to agree formal mergers. Professor Mike Harvey, president of the Chartered Association of Certified Accountants, said the profession's existing umbrella body – the Consultative Committee of Accountancy Bodies – should review its role and structure to see if it could co-ordinate greater co-operation and help deal with any new regulatory body which may emerge from current talks.

He added that the important issue was to find a "way of achieving our common objectives without losing the valuable diversity offered by the various bodies". The government has been pressing for some time for the profession to "speak with one voice".

Jim Kelly, Accountancy Correspondent

Number of Nobel prizes for science declines



For four decades after the second world war the UK was winning Nobel prizes for science at a rate of about one per year. But the last British winner was Sir James Black, who took the medicine prize in 1988 for his work in drug discovery. Save British Science, the scientists' lobby group, drew attention to the recent Nobel drought in a policy document for the next general election, which it released yesterday to coincide with the start of set96, the national science week. The group said it wanted to set the record straight because "in recent statements ministers have drawn attention to Britain's outstanding record in the competition for Nobel Prizes in sciences". The group is pushing for big increase in science spending.

Professor Jean-Patrick Connerade, of Imperial College, London, who is on the group's executive committee, said winning Nobel prizes was not just a matter of honour and glory. "When British scientists win, they have a great influence in attracting young people into their subjects," he said.

Clive Cookson, Science Editor

Oil and gas exploration licences are awarded

Twenty two licences for oil and gas exploration on land in England were awarded by the government. They cover mainly the East Midlands and Lincolnshire basins; other awards were made in less well-established areas including south Wales, Yorkshire and Humberside, Hampshire, Oxfordshire and Wiltshire. Mr Richard Page, the junior energy minister, said the licences should result in a strong increase in onland exploration activity. Several of the licences are for extracting gas from coal deposits.

David Lascelles, Resources Editor

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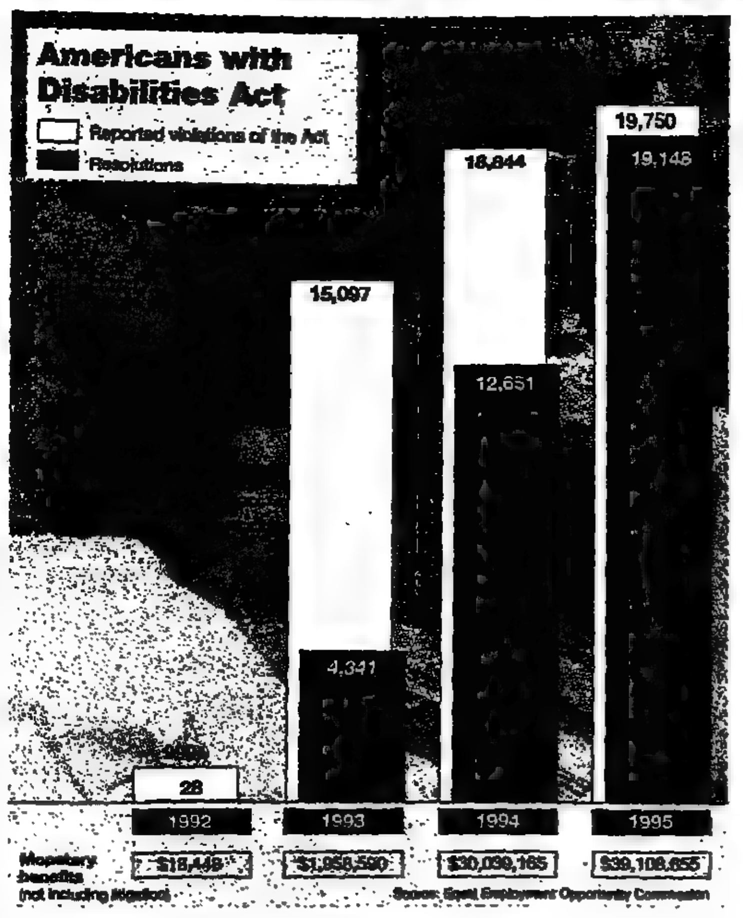
Equality experiment

Employers are still confused about the Americans with Disabilities Act, writes Victoria Griffith



When the Americans with Disabilities Act went into effect in 1990, US managers were unsure how to conduct interviews with disabled job applicants.

"The EEOC [Equal Employment Opportunity Commission] originally took the position that we couldn't even broach the subject of disability until after we had made an offer," says Kenneth Tregenza, administrator of employee relations at General Motors. "But they seem to have backed off that view. Now, we discuss up front what the job entails physically and what accommodations would have to be made."

Six years after the passing of the Americans with Disabilities Act (ADA) – which guarantees equal opportunities for the disabled – employers are still trying to sort out its nebulous and ever-changing regulations. Confusion over provisions has led to calls for a rewrite or even repeal of the law on Capitol Hill, calls that have become louder now that Congress is dominated by anti-regulation Republicans.

Many managers remain concerned over the vague wording of the act. Under the ADA, the private sector is required to make "reasonable accommodations" for workers with "disabilities", yet fails to clarify exactly what these terms mean.

"What is a 'disability'?" asks Jonathan Mook, a lawyer with Ogletree, Deakins, Nash in Washington DC. "Does it include things like diabetes, Aids, obesity? And what is a 'reasonable accommodation'? The government has left these questions to be hammered out in the courts at great cost to some employers."

The confusion has led to a spate of lawsuits over the issue – some 60,000 at the last count, according to the Bureau of National Affairs. At times, the suits seem to take bizarre twists. Last September, an obese man was awarded more than $1m (£666m) in a settlement with Northern Automotive Corp in California, after the 454lb equipment operator complained he was fired because of his weight. That same month, a physician with a drinking problem failed to win a case against New York City Health and Hospitals Corporation. The doctor, who had been suspended for being visibly drunk on the job, had claimed protection under the ADA as a recovering alcoholic.

Adjustment to the act is thought to have been especially difficult for small companies, which in many cases have little experience in dealing with disabled workers. But a number of blue chips have also been slapped with lawsuits, including Boeing, Chrysler, GTE, AT&T and General Dynamics.

Critics of the ADA point out that the legislation does not appear to have boosted the numbers of disabled in the workplace. According to the Census Bureau, of 49m disabled persons in the US, about 15m held jobs in 1993, the latest year statistics are available, compared with about the same number before the law went into effect. Moreover, EEOC statistics show that just 10 per cent of ADA lawsuits involved hiring decisions. The rest were complaints by workers who already had jobs with the company they sued.

Sceptics also claim that the act has most benefited those with less severe disabilities. About 19 per cent of all ADA lawsuits to the end of last September were filed by workers with back impairments, according to the EEOC. Another 12 per cent were based on emotional and psychiatric disabilities.

A poll conducted by the consultants Louis Harris and paid for by the National Organisation on Disability claims the act is making a difference to the disabled, and at little cost to employers.

According to the survey, three quarters of managers said they expected to make greater attempts to hire workers with impairments over the next three years. "We haven't seen much of an impact on the number of disabled in the workplace yet, because it's taken a while for employers to understand the issue," says Tregenza. "But over the next few years we should see some real headway being made."

ADA proponents point out that the expense of making adaptations is usually small. The Job Accommodation Network, a government agency, estimates that the typical accommodation costs about $200, with about three-quarters of all changes running under $500. "The solution can be as simple as providing a parking space closer to the entrance," says Deborah Jones Hendricks, assistant project manager for the Job Accommodation Network. Companies also accrue savings on payments that would otherwise have to be paid to workers who become disabled after they are hired.

At times, making the workplace amenable to people with impairments requires a sizeable investment. Eastman Kodak, for instance, has adjusted the speed of elevator doors, handed out voice-activated computers, and adapted its toilet stalls to accommodate employees. Although, according to the Harris poll, most managers say disabled workers are more expensive than employees without impairments, many feel the extra trouble and expense is worthwhile.

"We find that once we've made the investment, disabled workers are more loyal and tend to stay with the company longer," says Barbara Steen, supervisor of disability management at Eastman Kodak.

Some companies are taking advantage of their disabled workforce to expand their customer appeal. General Motors, for instance, has launched a programme which enlists the company's impaired employees to make suggestions on vehicle design.

"Sometimes we're talking about big markets here, like for people with arthritis," says Paul Ulrich, development engineer for the company and a wheelchair user. "If we can come up with an easier ignition, that expands our customer base, and people with disabilities spot these features more quickly than everyone else."

Under another initiative, General Motors offers to spend up to $1,000 to modify disabled customers' vehicles. "We estimate that for every sale under this programme, we generate another two sales of standard vehicles," says Ulrich. "It creates so much goodwill that relatives and neighbours of the disabled person take a second look at GM next time they go shopping for a car."

With Congress calling for fewer private-sector regulations, the future of the ADA is uncertain. Yet despite the confusion surrounding the act, many managers are enthusiastic about the legislation. Diverse workforces have become a goal in corporate America, and at a growing number of places, that includes disabled employees.

JOHN KAY

Challenging the robust and flexible plc

The government has promised new rules to regulate building societies. But with building societies rapidly turning themselves into banks, it is not clear that there will be much left to regulate by the time the rules are in place. Corporate investors are taking over from rich individuals – (less rich than they were) as the source of capital for Lloyd's of London.

KMPG has become the first, but certainly not the last, accountancy partnership to place its audit functions into a limited company. The nation's railway lines, proud creation of Victorian engineers and financiers, are again about to be floated on the London Stock Exchange.

Behind these apparently unconnected events there is a single theme and a single cause. The theme is convergence on the plc as the only form of economic organisation in the modern world. The cause is that we have not allowed any other form of economic organisation to achieve the combination of robustness to external challenge and flexibility in changing circumstances that we have given the plc.

Among life assurance companies, it is mostly the weaker companies who see conversion as the only means to sufficient capital to support their growth

For mutual businesses, it seems to be a problem either to have too little capital, or too much. Among building societies, it is the strongest who are at the front of the queue to convert, over-supplied with capital, and able to use it to deliver value to their members and develop the range of their businesses. Among life assurance companies, it is mostly the weaker companies who see conversion as the only means to sufficient capital to support their growth. If the money box is too full, you must convert to let some out: if it is too empty, you need to convert to attract more in.

Lloyd's has a historic structure that is simply too idiosyncratic to survive. That is part of its litigation problem: imagine if all the legal questions you could raise about the structure and governance of a company were the subject of cases against a single firm. That company would find itself preoccupied with litigation and beleaguered by legal expenses, and something not very different is happening here. So Lloyd's management increasingly comes to resemble the management structure of an ordinary company, and so does its capital base. And no one would be keen to work for BP or BT if every case of an incompetent tanker captain or a wrong connection involved a risk that you would have to sell your house and take up residence in cardboard city.

The partners of the big accountancy firms don't much like that kind of risk either. Who wouldn't rather be a company director, with a safe salary, share options, and a company-funded policy to cover directors' liabilities, errors and omissions?

So that is what they plan to be. And yet there is a cost to this loss of variety of organisational form. British mutual financial institutions were extraordinarily successful in their day. Building societies invented the residential mortgage, and captured most of the retail savings markets before the complacent, cartelised banking industry got round to noticing. Money Management's life assurance performance tables consistently show mutual companies at the top. The very distinctive character of Lloyd's gave it a flexibility and a capacity to exchange and process information which was central to London's pre-eminence in the world insurance market for over a century. And the partnership structure is a legal form which mirrors exactly the business relationships which exist within an effective professional services firm.

So we made a mistake when we decided, partly by default and partly by conscious choice, that we would not give these alternatives any encouragement. The watershed was when the government decided that it was anomalous that the assets of the TSB were not owned by anyone, and transferred them to the custody of the board of a plc, which promptly threw them all away.

That might have been a reminder that the plc was not a perfect structure, but no such lesson was learnt. Auditors got a dusty answer when they sought more legal protection for their partnership structure: building societies were made vulnerable to takeover but denied the opportunity to turn themselves into mutual banks. But sooner or later we will have to revisit the issue.

We will have to revisit it because we want to have schools and hospitals that are free of direct political control and able to raise private finance; but there will never be a popular appetite for passing responsibility for education to Dotheby's Hall plc. We will have to revisit it because we have not yet got right the ways we run and regulate monopoly utilities. And we will have to revisit it because one of the features of a vibrant society, socially and economically, is the variety and range of its institutions.

When the limited liability company was invented, critics thought it would not prosper because no one would trade with such an irresponsible organisation

When the limited liability company was invented a century and a half ago, many critics thought the institution would never prosper because no one would trade with such an irresponsible organisation. The critics were not completely wrong. The plc is far from the ideal form of organisation for every substantial business. It is just that, at the moment, it is the only viable form we have.

KENT

Where Europe begins

The last English county seen from Channel Tunnel trains is trying to end its backwater image. But its efforts have a long way to go, writes William Lewis

The business leaders of Kent are seeking a radical change in their county's image as a sleepy economic backwater.

Kent is known affectionately as "the garden of England". But it has the potential "to be the front garden of the UK facing the rest of Europe," says Mr Jon Barrett, head of inward investment at the Kent Enterprise Office, based in Chatham and the agency responsible for helping companies relocate to Kent.

Mr Tim Byles, Kent County Council's director of economic development, agrees. He says that "Kent is not the end of England, it is the beginning of Europe".

Concern that this image is not being communicated to potential investors led Kent business leaders to call on Sir John Harvey-Jones, former chairman of ICI and now a well known business troubleshooter, for his views.

Sir John did not mince his words. Speaking at a conference in Folkestone in November, he said: "There is a total lack of cohesiveness in Kent and Kent's approach to the problems it is facing."

What Kent needs "above everything" is "a clarity of vision and one person very clearly carrying the banner for the county". He said that the county needs a "Mr Kent" to lead its new identity drive and encourage investment.

Sir John advised business leaders to do "everything possible to get Kent to concentrate, over a number of years, on building up its identity and pride".

The county needed to develop a slogan – perhaps "Kent Leading Into Europe" – as well a logo to be used by every Kent business. He also suggested the amalgamation of some of the agencies responsible for marketing Kent under the name "Kent in Front".

Most important of all, Sir John said, was the need for "an absolutely clear cohesive effort, where strategists, the development agencies, enterprise council and everyone else are all in one room, promoting overall economic development together".

Sir John's message is one that the county's business leaders appear to be taking to heart. Later this year Kent County Council and Kent Training and Enterprise Council (Tec) will be announcing new initiatives which should help bring closer together the agencies involved in the county's business development.

There is also to be a shake up at the Kent Enterprise Office, which is to be renamed Invest in Kent. "We are talking about a change in the way we do things in Kent, some of which is already under way," says Mr Byles. He wants to encourage the county to focus on 10 to 12 core sectors and develop cross-sector initiatives to boost economic growth. "We want a more co-ordinated approach to help overcome structural weaknesses," he says.

As part of its attempt to enter the European mainstream, Kent has established a relationship with the Regional Council of Nord-Pas de Calais. The aim has been for the two areas – Kent with its 1.5m people and Nord-Pas de Calais with about four times as many people – to be considered as a Euro-region.

While analysts say that Kent has been able to obtain some additional economic development funding by promoting this transborder – or Trans Manche – concept, the link up has caused some confusion for inward investors. As a result, in the early stages of inward investment meetings the KEO introduces clear distinctions between the two regions.

Confusion about the size and shape of the county of Kent is likely to be increased when the Medway area splits off to become a separate unitary local authority and as the UK government's Thames Gateway initiative continues.

Nevertheless there are clear benefits to Kent from its French link up. Following the completion of its first transfrontier programme under the European Union's Interreg initiative, Kent was allocated £14m for a new Interreg 2 programme for joint transfrontier projects with Nord-Pas de Calais.

The aim of Interreg is to assist border regions to overcome problems of isolation at a national level and develop co-operation across national borders. Although the initiative will focus mainly on the areas on each side of the border, there are also a number of projects being developed across the county by public, private and voluntary sector bodies. If approved these projects can attract up to 50 per cent funding from the EU.

There are also a number of other European funding initiatives. For example Thanet, an area of industrial decline and high unemployment in south east Kent, is eligible for Objective 2 status, which enables £11m of EU structural funds to be drawn down for training programmes.

Grants and financial assistance from the UK government are also available to companies, though mostly in the east of the county.

In July 1993 the area was granted assisted area status, with Thanet classified as a full development area and the districts of Dover, Swale and Shepway granted intermediate status. Designation as a full development area means that Thanet has been able to attract higher levels of grants.

Kent County Council says it has "fought long and hard to persuade government that the county has deep seated economic problems" and is glad that its case is being recognised. The assisted area status was granted for three years and is up for renewal this year. Mr Mike Glennon, the KEO's marketing services manager, says that he would be "amazed" if the government did not renew it.

In the last three years the KEO has been kept busy with more than 1,000 enquiries each year, but it has not met job creation targets. As a result consultants have advised that it re-focus its efforts on new investment into Kent by UK or foreign owned companies rather than seek relocations of UK companies.

Last month's announcement by the government of the consortium chosen to build the high speed Channel tunnel rail link should help attract investment into Kent.

The £3bn contract was awarded to the London & Continental Railways consortium and its high-speed link will have two purpose-built stations in Kent, one in Ebbsfleet, where plans to build a new town were recently unveiled by Blue Circle Industries, and a second at Ashford.

However, these and other investments may not be enough to overcome Kent's structural problems. Even though its economy is forecast to grow at an annual rate of 2-3 per cent over the next 10 years, it is spread evenly across manufacturing and service industries.

For example, there are big differences between regions of Kent, with unemployment rates well above the national average in some areas. There is also a belief that Kent's economy is too reliant on a small number of large companies.

The on-going battle between Eurotunnel, the crisis-hit operator of the Channel tunnel, and the ferries, could also have a damaging effect in Kent this year. Eurotunnel is negotiating with its banks to ensure its survival and the ferries are likely soon to have to contemplate reducing their operations, perhaps through mergers.

Kent businesses are also concerned about the local labour market. Some complain at the lack of a strong relationship between companies and the county's educational institutes.

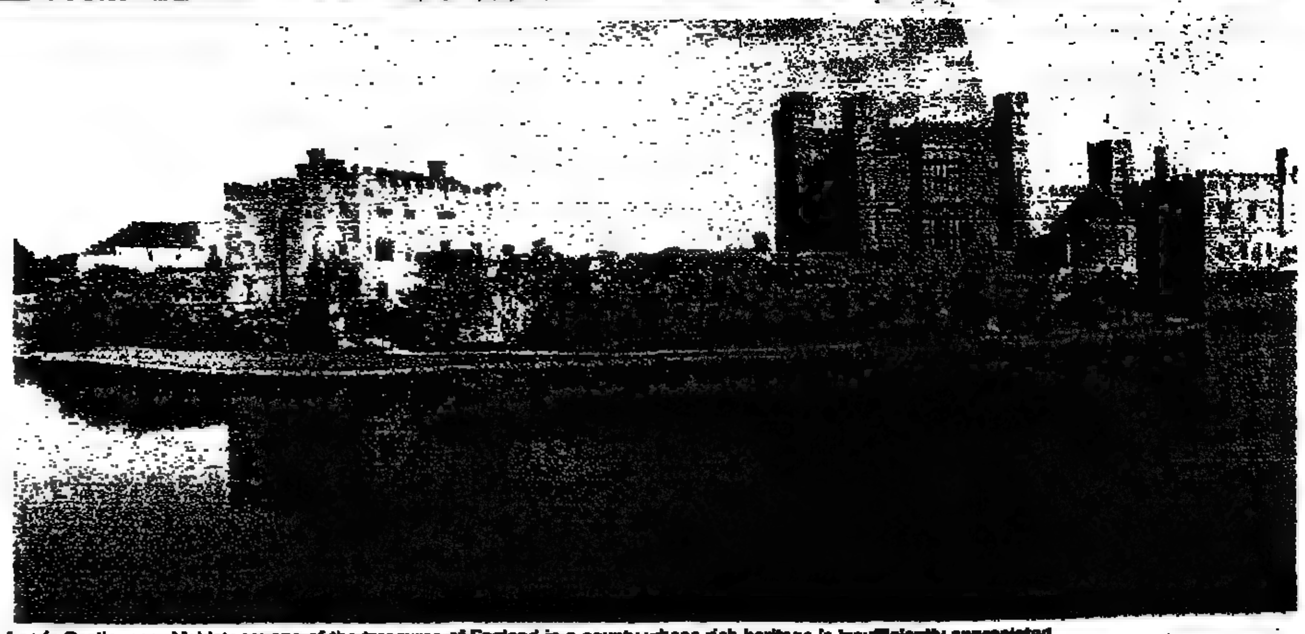
According to a recent economic study on Kent, London continues to provide employment for a significant part of Kent's 605,300-strong working population. Just under 100,000 Kent residents commute to London, mostly from the north and west of the county along the principal road and rail routes.

Business leaders fear that privatisation of the rail network could hit Kent, with the quality of rolling stock currently in use described as poor. The shortage of high quality business premises is also seen as a constraint on inward investment.

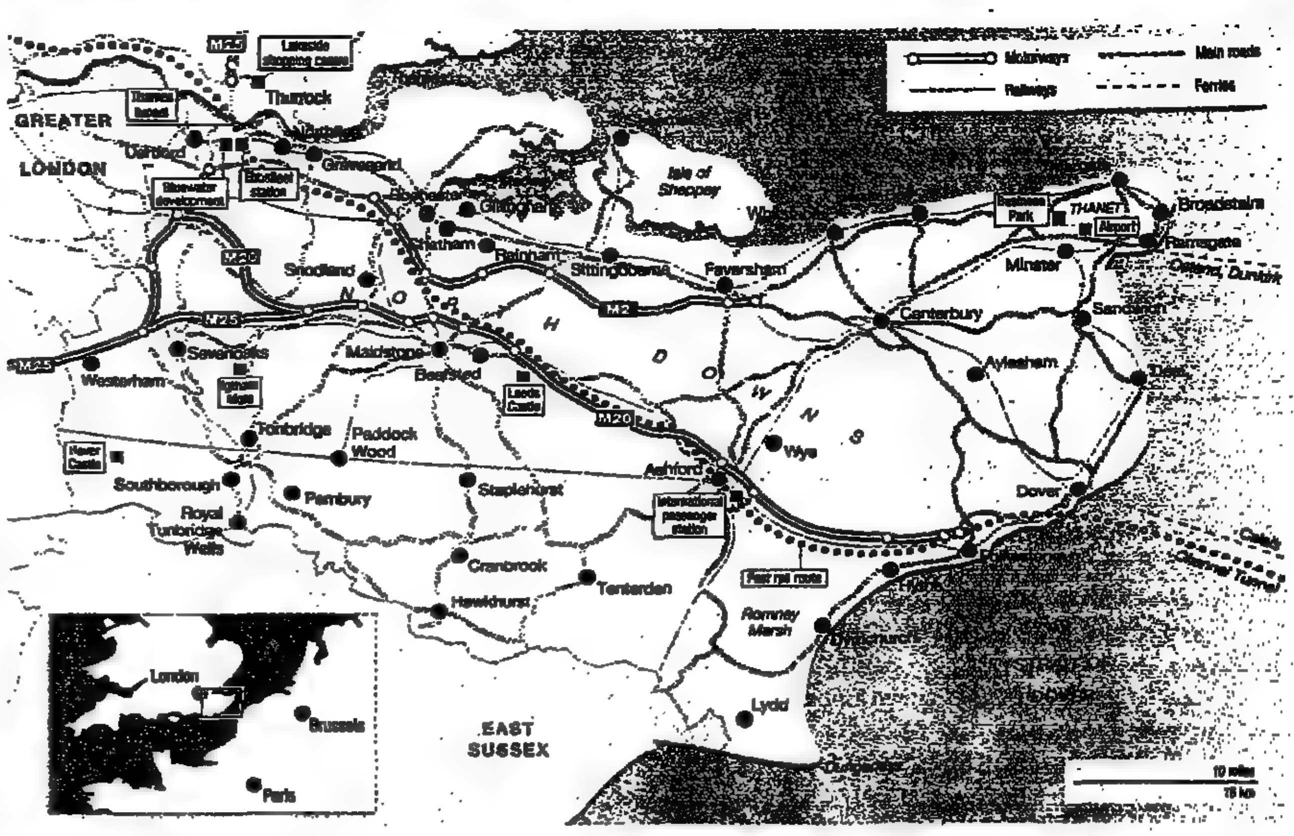
In particular, there is a gap in the provision of specialised business incubator and science park developments aimed at small and medium sized technology-based companies.

Kent's attempt to establish itself as Europe's front garden is vitally important not just for the county, but also for the rest of the UK.

If Kent failed to assert its identity clearly in Europe, it would be to the detriment of the UK as a whole, said Sir John. The county should therefore remember that it was fighting not just for itself but the whole country.



Leeds Castle, near Maidstone: one of the treasures of England in a county whose rich heritage is insufficiently appreciated



■ THE EXPANDING INFRASTRUCTURE: by William Lewis

Land, sea and in the air

The Chunnel has stimulated huge capital spending

Kent expects a stormy summer in the market for cross-Channel travel due to the increasingly bitter fight between the ferry companies and Eurotunnel, the troubled operator of the Channel Tunnel.

With Eurotunnel in negotiations with its 225 banks over the repayment of £8bn of debt, and P&O and Stena-Sealink, the two main ferry companies, resisting strong commercial logic to merge or trim their cross-channel operations, the only certain outcome appears to be that more jobs are going to be lost in Kent.

Transport, distribution and infrastructure are crucial economic sectors for Kent. For example, the distribution sector employs 22,000 employees – 4 per cent of the total – a figure which more than doubles if transport is included.

Kent Port Strategy, a comprehensive study into the future of Kent Ports agreed by the ferries and Eurotunnel in collaboration with Kent County Council, suggests three possible scenarios in the cross channel battle, all of which involve "disequilibrium" in the cross channel market at least until 2000:

- Eurotunnel's Le Shuttle service will capture about half of the total car passenger market. This would leave the ferry operators "almost bereft of traffic except during the peak summer season". Only a "residual" Dover-Calais ferry operation would survive.
- Eurotunnel will capture about 35 per cent of the total market, with the ferry operators taking a similar share.
- The speed advantage of the tunnel will be offset by other factors, for example the ferries' superior on-board facilities. Eurotunnel's market share will be reduced to 25 per cent.

All three senarios have implications which "are very serious indeed" for the Kent economy, the report states. The first implies "the virtual extinction" of Kent's port and ferry industry. The third implies the "commercial collapse of Eurotunnel plc and the refinancing of the tunnel".

The predicted fall-out for Kent from the battle between the ferries and the Eurotunnel comes after a period during which port related employment has already suffered.

From 1991 to 1993 there was a 16 per cent decline in employment in the port industry – 1,300 jobs. Another 1,080 are expected to go between 1993 and 1996. Net employment loss in Kent port districts from 1991 to 1996 is expected to total 3,000 jobs.

Last September, Eurotunnel suspended the payment of interest on its £8bn debt, in an arrangement known as standstill. Recently it said that a French court had appointed two individuals, one of whom is Lord Wakeham, former UK energy secretary, to try to resolve its financial crisis.

The Anglo-French company has begun to shift its pricing strategy from charging a higher price for a premium service to one which seeks to maximise passenger levels – "a ferry company operating under the sea" as one analyst describes it.

> **The ferry companies' share may diminish**

The ferries have met Eurotunnel's challenge with what City analysts describe as bizarre tactics – increasing their capacity. According to the Dover Harbour Board, the trust body which is responsible for Dover Port, there are now more than 80 crossings a day.

In spite of Eurotunnel pleadings, there are few signs of the ferries moving towards rationalisation. Lord Sterling of Plaistow, chairman of P&O, recently said that if the cross channel market continues to grow at 20 per cent a year as in 1995 P&O would probably endure the short-term impact on ferry profits this year. "The interesting thing will be to wait until the end of 1996," said Lord Sterling.

However, if the price war intensifies and the tunnel continues to take more market share, City analysts expect P&O to ask the government to let it begin merger talks with Stena.

In the run up to the opening of the tunnel, the ferry companies undertook certain rationalisation measures. Some routes, such as Dover-Boulogne, have closed, leading to significant job losses. Predicted further reductions in capacity "will lead to additional loss of port and ferry employment," the report states.

Mr Bill Fawcus, a Dover Harbour Board executive, is open minded about the outcome of the ferry-Eurotunnel battle. He predicts a "balancing out" in the cross channel market, but says "it is difficult to say what form that will take".

He predicts "further growth" in passenger traffic and says there will be at least 17.8m passengers in 1996.

Nevertheless, there are signs that the trust is preparing for a future in which the ferries are smaller players. Dover Harbour Board is diversifying into areas such as property development and cruises.

Elsewhere the news on infrastructure development is more positive. Two weeks ago, the government announced the long-delayed go-ahead to build a high-speed rail link between London and the Channel Tunnel entrance.

The £3bn contract was awarded to the London & Continental Railways consortium. It will take over the European Passenger Services from the government and plans a stock market flotation of London &Continental in the second half of 1997 to coincide with the start of construction. The high-speed link will have two stations in Kent, in Ebbsfleet, where plans to build a new town were recently unveiled by Blue Circle Industries, and in Ashford.

Construction of the tunnel rail link has five main components, each accounting for about a fifth of the total capital cost of £3bn, before inflation. Three of them should substantially boost Kent's construction industry. For example, construction of the rail link will necessitate about 70km of track passing through Kent to the coast, involving construction of a railway viaduct over the River Medway and 3.2km of tunnelling.

The recent opening of the international passenger station in Ashford means that ahead of the high-speed link passengers boarding there can reach Paris on the Eurostar Channel tunnel route in two hours and Brussels in two and a quarter hours.

Mr Anthony Slack, Ashford Borough Council's planning officer and deputy chief executive, argues that Ashford could now experience a "Gatwick or Heathrow" effect, by attracting businesses to relocate to its vicinity on the back of its excellent European and UK communication links.

Near Ashford are three key development sites – Eureka Science and Business Park, Orbital Park and Waterbrook.

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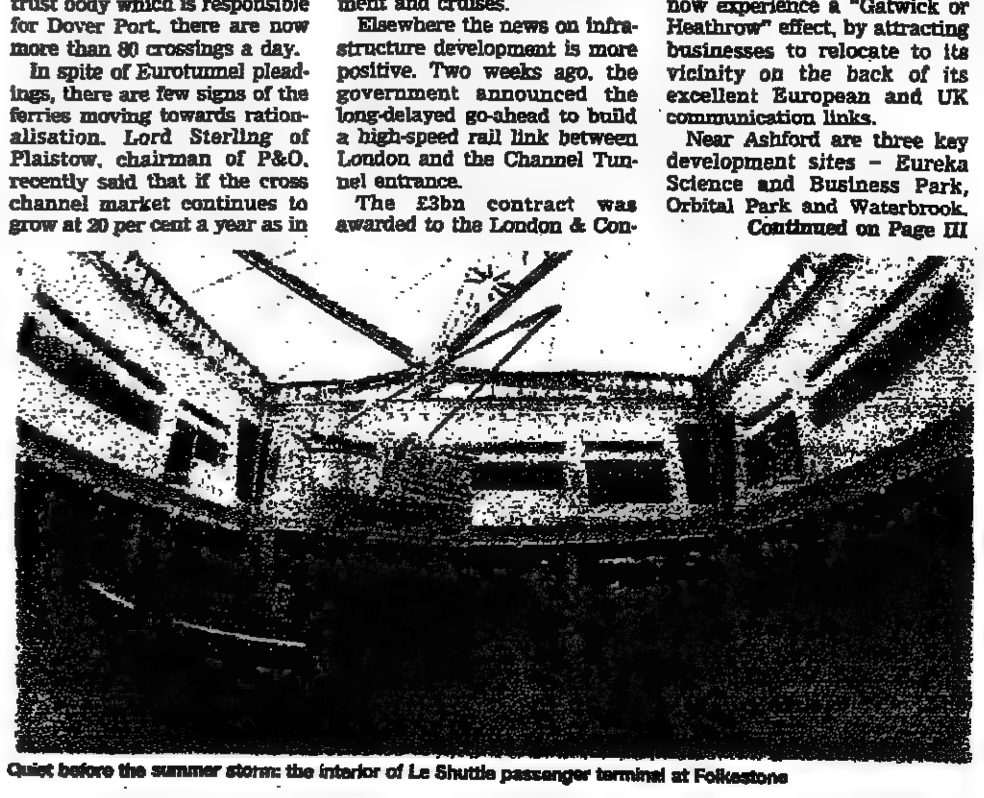


Quiet before the summer storm: the interior of Le Shuttle passenger terminal at Folkestone

■ ECONOMY: by William Lewis

Key areas are targeted

New jobs are sprouting, but underlying weaknesses remain unresolved

Kent appears to have a rosy economic future. Experts forecast annual growth of 2-3 per cent over the next 10 years, spread evenly across manufacturing and service industries.

Ernst & Young, the accountancy firm, and Business Strategies, a consultancy, also predict a rise in employment, albeit at a slower rate – 1 per cent per annum. This should lead to the creation of 33,000 jobs between 1995 and 2000 and a further 19,000 jobs in the six years to 2006.

If things go according to plan, by 2006 total employment in Kent will have risen to 673,200. Manufacturing as a percentage of gross domestic product will have increased from 18.7 per cent to 23.3 per cent.

However, the consultants, who were commissioned by Kent County Council and Kent Training and Enterprise Council (Tec) and have published a wide ranging and comprehensive draft report called Kent Prospects, question whether this growth rate is enough to overcome Kent's fundamental economic problems.

"The critical question is whether growth rates of this sort will be sufficient to rectify structural weaknesses in the Kent economy and enable it to 'catch up' with rest of the South East region as a whole," the Kent Prospects report states.

During the boom years of the 1980s Kent's economy expanded more rapidly than the South East region as a whole, with growth averaging approximately 5 per cent a year. During the recession in the early 1990s Kent's economy contracted more slowly.

However, Kent Prospects, billed by Kent County Council as the first study of its kind in the UK, identifies a number of "fundamental weaknesses":

- the county of Kent has the second lowest GDP per capita within the South East region;
- Kent's economy is structurally disadvantaged with a high concentration of jobs in declining manufacturing industries and a smaller percentage in services than the rest of the South East.
- there are "pronounced disparities in well-being" between different regions within the county. Unemployment rates are well above the national average in some areas.

North and east Kent have been seriously affected by the decline of traditional industries. Approximately 60 per cent of Kent's unemployed total of 58,000 – 7.8 per cent of the workforce – are concentrated in these areas.

In terms of employment distribution, the Kent industrial structure stands as follows: banking and finance 10 per cent; transport and communications 9 per cent; distribution, hotels and catering 22 per cent; construction 6 per cent; manufacturing 17 per cent; primary sector 5 per cent; and other services 31 per cent.

Another issue is the reliance of Kent's economy on a small number of large companies.

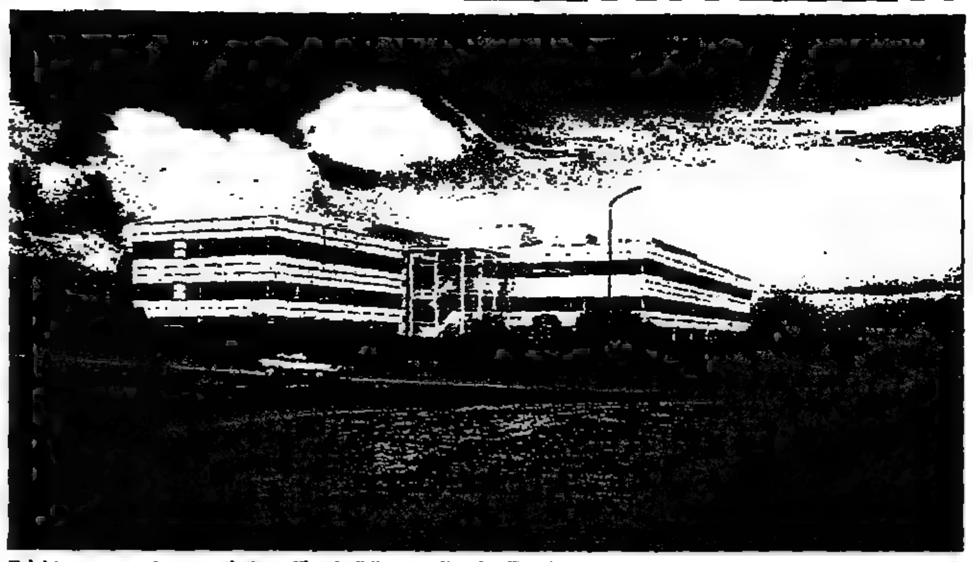
Ernst & Young and Business Strategies stress the importance of "adopting defensive measures to ensure that existing investment stays in place" and so that the negative effects on Kent of any possible restructuring are minimised.

The dangers are clear. Kent has a strong pharmaceuticals sector which employs 9,000 people – 1.6 per cent of the workforce. It is seen by Kent County Council as one of the most important sectors.

However, eight companies account for 80 per cent of jobs in the sector and there have been job losses in Kent as a result of the recent pharmaceutical industry global restructuring.

For example, Glaxo's £9.1bn take over of Wellcome in March 1995 led to the closure of Wellcome's pharmaceuticals research and development centre in Beckenham where it employed more than 1,600 staff. The company has said that an outright sale to another big research and development-based multinational might be possible, as might the creation of a science park or homes.

However, according to Mr Stephen Mallen, head of research at Knight Frank and Rutley, the commercial property agency, such possibilities look far fetched.



Brighter prospects: speculative office buildings at King's Hill, West Malling

Mr Tim Byles, director of economic development at Kent County Council, says that Kent Prospects grew out of an earlier study into the future of the county's ports. Mr Byles says that Kent County Council was able to persuade Kent's arch rivals – the ferry companies and Eurotunnel, the Anglo-French operator of the Channel tunnel – to agree to a 295 page report which detailed a strategy for Kent's ports.

Having achieved what many saw as the impossible task of persuading the ferry companies and Eurotunnel to reach agreement, the council, with Kent Tec, commissioned a study on the Kent economy as a whole. Its aim is to bring together the public and private sectors to agree a strategy until 2006.

A draft report, currently out for consultation, recommends focusing economic development strategy on 10 to 12 key sectors, including pharmaceuticals.

They include:

- Transport. Rail, road, sea and air transport account for 34,000 jobs, 6.5 per cent of Kent's total workforce. The health of this sector is largely reliant on the future of Eurotunnel as well as possible retrenchment by the ferries.
- Food Processing. This sector employs 4,000 people – 1 per cent of the work force – but that is a relatively low proportion compared with the rest of the South East and the UK as a whole. Forecasts are for the sector to continue to contract over the next five years in spite of potential synergies with Kent's agricultural sector.
- Construction. The building of the channel tunnel created about 8,000 jobs, raising the total of construction workers to more than 20,000, or 3.5 per cent of the workforce. With the tunnel completed, the hope is for job losses to be minimised due to the construction of the high speed rail link across Kent and other developments.

With 30 per cent of the predicted new jobs in Kent likely to come through self-employed businesses, Mr Byles argues that Kent "needs systems to develop these businesses". That will require "public and private bodies all pulling in the same direction in Kent – a tough prospect, but one that is already beginning," he says.

■ HIGHER EDUCATION: by William Lewis

The superstructure is top-heavy

Kent has more than its fair share of administrators but surprisingly few students

Professor John Craven, deputy vice chancellor of the University of Kent, sits in his office in Canterbury and ponders one of the county's more bizarre ironies.

According to a University of Kent study, there are 16 bodies in Kent, excluding higher and further education institutes, involved in education and training in Kent. They range from Kent Tec to Kent Enterprise Office and Kent Rural Community Council

For the county more appears to equal less. Kent has a population of 1.5m, but just 15,000 students at five education institutes – including the University of Kent – plus the proportion of the University of Greenwich's 15,000 students who attend locations in Kent.

In contrast, Avon, which has a population of 925,000, has four institutions with a total of 37,000 students. Professor Craven says that in spite of the "support of so many bodies" Kent is "underprovided for higher education".

Professor Craven says the University of Kent would like to expand into the Medway, which has been identified as an area in which there is "extreme underprovision". He says "if we could expand that would be our highest priority" but that "we are extremely unlikely to get the funding in the present climate".

He also points to a recent report published by the university which states that a reduction in the number of organisations which are involved with the university "would enable us, and no doubt others, to direct their efforts in the most effective ways". The university states that its "direct and indirect economic impact in Kent" exceeds £100m of expenditure, representing 2,400 jobs. The university's turnover is £60m, it employs 1,700 people and has 7,000 full time equivalent students at Canterbury.

It also argues that its 900 students from the rest of the European Union and another 900 from outside the EU contribute £13m to the UK's invisible exports through fees and living costs.

> Local firms badly need more qualified young people

One site is Chaucer College, the UK campus of a Japanese educational institute at which Japanese students study. A £40m investment, the college was opened in October 1992 with the motto "world peace through education". Some of the courses are accredited by the university.

The university also works closely with companies in several of Kent's key sectors. For example, Pfizer, the pharmaceutical company which has a research and development operation in Sandwich, has provided support for medical statistics research.

However, businesses do have real concerns about training and education in Kent.

Consultants commissioned by Kent County Council and Kent Tec in a report called Kent Prospects highlighted "labour force skills as one of the concerns of Kent firms".

The consultants suggest a strategy which would strengthen "linkages between Kent's universities and research and development establishments and local industries". An executive at a Kent based subsidiary of a prominent public company complains at the lack of cohesion between all the bodies involved in education in the county.

Kent Prospects concluded that high priority should be given to strengthening links between Kent universities and local industry. Consultants found only "weak mechanisms for promoting collaboration and knowledge transfer between the University of Kent and the county's business sector".

The university itself claims that its links with three sectors – high tech engineering, pharmaceuticals and business services and communications – are crucial to attracting company investment, but Kent Prospects argues that these need to be further developed.

It states that links between "the University of Greenwich and other educational establishments and local industry are better but nevertheless still underdeveloped".

The University of Greenwich has a total of 17,000 students on 24 different sites. Mr Jon Kitto, the university's operations and marketing director, wants to encourage Kent-based companies to pay for top quality training but says that too often they are prepared to sacrifice quality for lower cost. "There is definitely not a problem with business services such as training being available in Kent," he says. "It is a marketing problem, with businesses not being fully aware of the potential benefits to them."

Wye college is the third of Kent's university tier institutions. A specialist branch of the University of London, it attracts around 2,000 students from more than 100 countries, concentrating on the production and distribution of food, environmental management and land use.

Pest control work at Wye College: international reputation

■ THANET: by Stewart Dalby

Empty quarter seeks a better tomorrow

With tourism declining, the area is trying to attract new kinds of business by investing in its infrastructure

Thanet, the coastal strip in north-east Kent embracing the three resort towns of Margate, Ramsgate and Broadstairs, has known better days, and it shows.

One of the main streets in Ramsgate is largely boarded up. There is some fine regency architecture in the town but much of it looks as if it could do with a scrub and a lick of paint. In Margate, there are charity shops where one might expect to see well known high street names.

The whole conurbation, which has a population of 127,000, has never fully recovered from the decline of tourism, which was once its leading industry. Like other similar UK resort areas, Thanet has been affected by changing tastes in holidays with more and more people choosing a flight to Spain or somewhere else in the sun.

There are still plenty of day trippers. But the hotel and guest house business has largely shrivelled away. In 1993, the last year for which figures are available, the Thanet area had only 600,000 overnight guests, about half the number staying at its hotels a decade earlier.

However, there are signs that the area's fortunes could be about to improve. In 1993, Thanet became the only area in the south-east to be awarded full development status. This means private companies can set up or expand with the aid of regional selective assistance amounting to 25 per cent of their costs.

Later in the same year the UK government agreed to give Thanet £9m from its overall budget for infrastructural regeneration.

The area was also granted "Objective Two" status by the EU, defining it as an area of industrial decline. This qualified it for a further £11m worth of investment over a three year period. For almost the first time since the 1950s, therefore, the area has some cash available to refuel its economy.

Most important perhaps, the government and Kent County Council have embarked on a large road building programme.

The A299, known as the Thanet Way, has been widened, and the last stretch of "dualling" will be completed this year. This will provide a double carriageway road all the way to the port of Ramsgate, with its range of cross-channel and other services, from the end of the M2 motorway just outside Canterbury. Until recently the Thanet Way was seen by lorry drivers as an obstacle course rather than as a main highway.

With road access improving, Thanet district council has adopted a three pronged strategy to revive the area's fortunes. It aims to:

- encourage the growth of small businesses able to take advantage of the area's development status and the availability of grants;
- rebuild tourism;
- attract investors to newly developed industrial estates.

Mr David Ralls, the district council's chief executive, says: "The prospects have brightened considerably for Thanet over the past year.

"Because of the assistance we have been able to create 700 new jobs. Unemployment is down to 13.5 per cent. This is still well above the national average but is the lowest for the area for years."

As for tourism, it was recently announced that Dreamland, the theme park in Margate, is to be refurbished at a cost of £5.5m. This, says Mr Ralls, would be the largest single investment in Margate for more than a decade.

At Ramsgate, meanwhile, there are plans to build a holiday village at nearby Pegwell Bay. It also has a functioning port, which handles 3m passengers a year travelling to and from France and Belgium. So far, Ramsgate has not suffered unduly from the opening of the Channel Tunnel.

There are also plans to use some of the European assistance money to expand Ramsgate port on reclaimed land, enabling it to receive cruise liners, which are seen as a good growth business for the south coast. Dover, too, has built a cruise terminal at a cost of £11m which is due to open in April.

Mr Ralls says he is particularly proud that he has been able to secure a new industrial park called Thanet Reach. Details were announced earlier this year.

Thanet Reach is distinct from the Kent International Business Park, on a 100 acre site adjacent to the Kent International Airport, the former RAF Manston, which is now used primarily for air-freight services to the former Soviet Union.

The Kent International Business Park is ideal for heavy industrial and distribution companies and already has a German engineering concern, Cohline, operating from it. With its good road access, Thanet Reach aims to attract small and medium sized high technology companies. Mr Ralls says that this sector, a good potential source of new jobs, is showing strong interest.

CASE STUDY Hochiki of Gillingham

Fire detectors warm up

It has been a low-key, rather than spectacular, arrival in the UK for Hochiki, one of Japan's biggest makers of fire detection systems for commercial premises.

The company has had a manufacturing base in Gillingham for the past three years and reports steady progress in building up sales which are now running at about £7m a year.

"We are gradually building up the percentage of locally made components in our final products," said Mr Masaki Koatoh, the company's marketing manager for Europe. "It has not been difficult, but neither has it been easy."

Hochiki, which employs 60 people in Gillingham and manufactures there for the whole of the European market, obtains locally for its Kent-made products some 70 per cent of the products' components by value – a figure that has grown steadily since the factory was started.

It sells mainly through distributors or companies which market complete factory security systems such as Chubb.

Hochiki is one of three Japanese-owned manufacturers to set up in recent years in Gillingham, the others being packaging supplier Fuji Seal and printer ribbon manufacturer Fuji Copian. It says it is interested in expanding its 2.8 acre site but has yet given no details.

The company's decision to make its £2.5m investment in Kent came about, it says, after carefully weighing up the good and bad points of establishing itself in the UK. The decision was swayed partly by the generally good experiences of other Japanese owned manufacturers in starting UK factories over the past decade, and by the importance of the UK market (which accounts for some 50 per cent of Hochiki's European sales). The relatively low taxes in the UK compared with other parts of Europe and low labour costs were also a factor.

However, before choosing Kent the company weighed up alternative sites in the Manchester region and south Wales. According to Hochiki, it plumped for the south-east mainly because Kent offered a site closer to most of the company's main customers which are predominantly south of Birmingham and despite the fact that land costs were somewhat higher and there were fewer government grants available to defray start-up costs.

Kent also offered some financial inducements, in the form of enterprise zone capital allowances which enabled the company to take early depreciation of capital costs, reducing the tax burden in the first few years of operation.

However, the company admits to one disappointment: the ease of access to continental customers has been less than it hoped, mainly because of the unexpectedly high levels of traffic congestion on local motorways, mainly the M25, which has meant it takes much longer to drive to Heathrow or Gatwick airports than the company expected when it first moved in.

Peter Marsh

■ THE PORT OF DOVER: by Stewart Dalby

White cliffs stay British

Alarmist talk of a sell-out to the French masks fears of job cuts through privatisation

Dover, England's nearest port to Europe, shot into the headlines last year when reports spread that its harbour might be taken over by the port of Calais on the French side of the Channel.

The spirit of Dunkirk was evoked as Dover's Labour mayor, Mr Jimmy Hood, launched a campaign to keeep Dover English. He elicited statements of sympathy from Queen Elizabeth, the Queen Mother, and Dame Vera Lynn.

The fuss was somewhat misplaced, however, as the prospect of a French takeover was so tenuous as to be non-existent.

Its only basis had been the statement of the then transport minister, Mr Brian Mawhinney, that the ports of Teesside, Dover and Ipswich, in which the Government had a stake, should be privatised.

The Calais chamber of commerce, which owns the French port, thereupon said that if that happened, it would consider buying Dover or at least joining Dover's current board in a management buy-out. Far less attention was paid to the statement by P&O, one of the two large ferry operators working from Dover, that it too might bid for Dover port, were it privatised.

In the meantime, however, the impetus for a Government sell-off slackened because of a fall in the port's notional value as measured by a Government yardstick for evaluating non-quoted companies.

Falling profitability has been caused by the fierce price war among ferry companies as they have competed against the channel tunnel.

Although volumes on the ferries have risen, the port had cut its handling charges, lowering its profitability.

Mr Jonathan Slogget, Dover harbour board's managing director, successfully demanded a two year postponement of privatisation to assess the full impact of the tunnel.

Sir George Young, who succeeded Mr Mawhinney as transport minister, gave the port until September 1997 to come up with a privatisation package.

What the uproar about French control really showed was the strength of opposition in Dover's Labour-dominated council to any sale of the port, even to British buyers.

The council particularly feared that privatisation would raise unemployment, since the port underpins 7,000-8,000 jobs in the Dover area. The past year has already seen lay-offs by the ferry operators, reducing the number of people employed directly in the harbour from 1,000 two years ago to around 600. It was feared that selling the harbour would result in even more jobs being lost.

Dover's 9 per cent unemployment rate is already above the national average.

The town is trying to create alternative jobs in various ways, such as the White Cliffs Experience centre, an entertainment cum information complex. But the centre had only 185,638 visitors in 1993, the last year for which there are figures. Dover, Castle, one of the best preserved Norman strongholds on the south coast, had 300,000 visitors, compared with Canterbury Cathedral's 2.3m visitors a year.

The town has also built the White Cliffs Business Park. It was opened during the depths of the recession and is still struggling to acquire corporate tenants. As Dover lacks attractive beaches and a promenade, the port is all the more important to its prosperity. However, it relies on motor and coach passengers for more than 90 per cent of its business. Of the 33m people who cross annually to France, Belgium and Holland, no fewer than 19m use Dover, far more than the numbers passing through Ramsgate and Newhaven.

Mr Gwyn Prosser, chairman of the borough council's tourism and leisure committee and a potential Labour candidate at the next general election, says: "Given time, we probably could have developed tourism and attracted new businesses. But for the moment we are dependent on the port."

Mr Sloggett of the harbour board is confident that the port will survive. Some rationalisation was necessary, with a cut in the number of sailings. But eventually the price war would ease and the outlook would brighten.

Car and ferry terminals at Dover's Eastern Docks: a vital source of employment

Terry Kirk

■ GILLINGHAM AND ROCHESTER: by Stewart Dalby

Road to Medway

A new joint local authority will have greater muscle

The closure of the Royal Naval Dockyard at Chatham in 1985 was a decisive moment for the boroughs of Rochester (which includes Chatham) and Gillingham.

Another will occur in the next year or so when they are combined into a unitary authority, likely to be called Medway.

The closure of the dockyard had a traumatic impact: it employed 7,300 people and was Rochester's biggest single industrial employer.

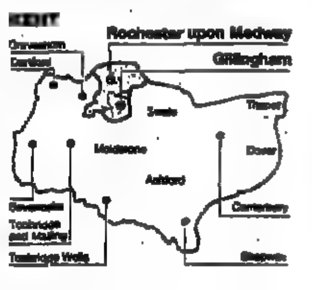
Being quite close to London and therefore in the radius of the so-called prosperous south-east, Rochester had until then felt sheltered from the brutal closures which had devastated coal and steel towns in the north of England, Scotland or Wales. To make matters worse, the dockyard closed just when other employers in the Medway area, such as GEC, were also contracting.

Unemployment shot up to 18.7 per cent, almost double the south-east average, and the Medway area began thinking about how it could survive without all the grants and assistance available in older, industrial areas experiencing industrial decline.

One way is to merge Rochester and Gillingham thereby increasing their political clout in the scramble for jobs.

The new Medway area will contain a population of 250,000, almost 20 per cent of the whole of Kent, making it one of the biggest south-east conurbations outside London. It will have more money to spend once it takes responsibility for education and social services from Kent County Council. It will also be responsible for roads and infrastructure, another important factor in luring investors. From 1985 to 1990 the Rochester-Chatham area had considerable success in attracting new companies. When the dockyard closed, the site was broken into three. About 120 acres of land plus 20 acres of water were transferred to a port trust, eventually becoming part of Medway Ports, which also has facilities at nearby Sheerness. After a management buy-out, Medway Ports was taken over by the Mersey Docks and Harbour Company, under which it seems to be doing well.

Another 80 acres became the Chatham Historic Dockyard, a museum and visitor centre on the lines of the Portsmouth historic dockyard. It attracts around 120,000 visitors a year but, although it is proving quite popular, it needs more money to maintain some 50



ancient monuments and listed buildings.

The third area, covering 350 of the original 600 acres, has been earmarked as a business park and integrated housing and retail estate, to be called Chatham Maritime.

It is by no means the only business estate in the future Medway region, which will embrace Rochester, Strood, Chatham, Gillingham and Rainham. But Chatham Maritime is centrally situated and its success could help similar ventures in the vicinity.

English Partnerships, the government backed developer previously known as English Estates, began seeking investors as soon as the dockyard closed. It was helped by the fact that part of estate housing offices and factories were made a government-assisted enterprise zone, enjoying relief on rates and taxes as incentives for developers.

In the five years to 1990, 1,000 new businesses came to the area if one includes expansion of existing companies such as GEC Marconi Avionics, new start-ups and inward investors.

Chatham Maritime attracted well known concerns such as Black Horse Financial Services, Lloyds Bank and the natural resources arm of the government's Overseas Development Agency. Some 4,000 jobs have been created.

The recession slowed this growth, but developers have started to build the first of 1,500 houses on St Mary's Island, part of Chatham Maritime, and hope to attract more companies.

The weakness of Chatham Maritime is its poor road access. Like Gravesend the dockyard was primarily concerned with its accessibility from the sea. Now that the land has been put to alternative use, lorries and cars have to approach by narrow and congested local roads.

The situation was to have been eased by a northern link road, including a tunnel under the River Medway, to connect Gillingham, the Chatham peninsula and Rochester. The tunnel is due to open later this year, but the road scheme has been deferred.

The county council, which still has responsibility for road planning, has said that the Ministry of Transport had only allowed it sufficient funds for one important road scheme and that the Medway link road would therefore have to wait. Hence Rochester's impatience for the new authority to be formed as soon as possible.

Infrastructure spending

Continued from Page I

In total there are more than 300 industrial estates and business parks in Kent, with 70 per cent of the land located in north and east Kent. A recent property survey suggested significant fluctuations in demand levels in different parts of the county.

Kent is served by four motorways – M20, M2, M26 and M25, London's orbital motorway. Ahead of the opening of the Channel tunnel there were a number of improvements, including a £95m widening of the M20 around Maidstone which was completed in 1994.

Kent Enterprise Office claims that in the last three years the county has received more government investment for road improvements than any other county. Planned infrastructure projects include a £48m scheme to widen the M2, and a £180m scheme which includes a road tunnel under the River Medway.

The KEO also highlights the sophistication of the county's distribution and warehousing activities. Mr Mike Glennon, KEO's marketing manager, says that many manufacturers needing to distribute their goods quickly in the UK and Europe have set up facilities in Kent.

There are, however, clear deficiencies in Kent's infrastructure. Consultants commissioned by Kent County Council and Kent Tec, in a report called Kent Prospects, have identified four main weaknesses:

- lack of a sizeable airport;
- poor North-South road links as well as poor local access to major roads;
- shortages of high quality premises;
- poor rail links.

This last point is particularly important and economists stress that future strategy should focus on lobbying for an upgrading of the county's rail links and rolling stock, as well as against line closures as a result of privatisation.

■ THE BLUEWATER DEVELOPMENT: by Stewart Dalby

New rival to high street shops

One of Britain's biggest shopping centres will soon start rising at Dartford

Work is due to start this summer on the Bluewater retail centre near Dartford on the Kent side of the Thames.

At 1.6m square feet with more than 250 shops it will be one of Britain's largest regional shopping and leisure centres.

It was approved before the Department of the Environment's about-turn on the desirability of out-of-town shopping and is one of several sizeable developments in the Dartford-Gravesham area. Mr David Curry, the minister for urban development, has described it as part of a linear development on both sides of the Thames, embracing houses, shopping and business parks.

Crossways business and distribution park is already functioning. Next to the new Queen Elizabeth Bridge at Dartford, Kent, some 3m sq ft of development are planned, including the 1m sq ft created since work began on the site in the mid-1980s.

There are plans to build a science park in Dartford and a new Unversity of Greenwich campus closely linked to the science park.

A new township is planned at Ebbsfleet close to Bluewater where there will also be a channel tunnel railway station.

Much of the land for these developments belongs to Blue Circle Industries, the cement and building materials group. The 240-acre site will be in a former limestone quarry. Its developer, the Australian Lend Lease group, says a number of prestige clients have been signed up, including John Lewis, House of Fraser, C&A, Marks and Spencer, W.H. Smith and Boots.

It claims that there are 9.6m potential consumers within one hour's drive of the site, which will have 13,000 parking spaces.

Mr Paul Bailey, of the Dartford borough council, welcomes the project. "There were originally fears that this derelict land would be used as a rubbish dump. The fact that it is going to be a retail centre is good news for Dartford. Eventually, when it opens in 1988, it could mean 5,000 jobs."

Since it would be near the proposed Chunnel railway station at Ebbsfleet, due to open by 2003, it could also attract shoppers from the continent.

Mr Mark Pennington, projects director at Blue Circle, is even more bullish, claiming that there are 13m people in the catchment area.

Others, however, wonder whether it might not become a white elephant.

The Environment Department had originally clamped down on new out of town shopping centres because of the damage they caused to high street shopping.

Bluewater will compete not only with the high streets but also with the similar big Lakeside scheme at Thurrock on the Essex bank of the Thames.

Mr Richard Belt, general manager at Lakeside, thinks there is room for both big complexes. "We are not expecting our business to be drastically affected. We have been going for more than five years. Our catchment area is well established," he says.

Lakeside's 1.3m sq ft has room for 320 shops and 12,000 cars. It is belongs to Capital Shopping, the same company which owns MetroCentre, and boasts about 480,000 visitors a week.

Mr Belt says: "We estimate there are 11m consumers within an hour's drive of Lakeside. There might be some falling off when Bluewater

> Shoppers to Bluewater could come from as far as Heathrow

first opens, but I would expect Bluewater to establish its own catchment area in Kent and to the west, around Heathrow and towns like Croydon."

The effect on high streets, Mr Belt claims, is exaggerated. Mr Bailey of Dartford borough council agrees. "A shopping centre like Bluewater and the high street perform different functions", he says.

Dartford and Gravesend town centres are being upgraded with pedestrian precincts and environmental improvements.

Mr Bailey believes there might be some drop in business as a result of Bluewater, but not enough to wipe out the high streets.

Mr Mike Evans, assistant director of economic development at Kent County Council, says that with shoppers already coming to Lakeside from as a far as Canterbury, it is likely that Bluewater will have some impact on high street stores in Kent. But the harm will be limited, he says.

Site of the new town and station to be created at Ebbsfleet, near the Bluewater development

Ashley Ashwood

PROFILES Akzo Nobel and Brake Brothers

They chose Gillingham

The trend pushing manufacturers to greater specialism – with the onus on adding value to what may be a fairly basic product – is as evident in Kent as in any other part of the UK.

These shifts are evident in two companies which have well established production operations in the county.

AKZO NOBEL, the Netherlands-based chemicals company, runs a speciality chemical plant in Gillingham employing about 135 people and with output of about £35m a year.

It is one of Europe's most important centres for making organic peroxides used as "initiators" or catalysts for influencing the properties of plastics, and also for producing a liquid monomer called Nouryset used in plastic spectacle lenses.

The other operation is at Lenham Heath, near Maidstone, and is run by BRAKE BROTHERS, the food producer and distributor. At Lenham, the company has two factories employing a total of 130 people which makes frozen prepared meals for the catering industry and pubs around the country.

A key to this manufacturing activity is Brake's willingness to work with customers such as brewery chains to devise new types of ready-made meals – a frozen version of chicken tikka masala is one recent success – which both sides to the product development partnership think will go down well with customers.

In the case of Akzo Nobel, the company has invested heavily for an operation of this size – roughly £1.2m a year for the past five years – in new automated plant and handling equipment for its production systems. This, together with an interest in keeping close to customers in other parts of the chemicals and plastics moulding industry across Europe, has meant that the plant has "hardly noticed the (early 1990s) recession", says Mr Ron Hutton, site director.

Value of output has increased by an average of about 6 per cent a year during the 1990s, while employment has reduced by about 30 per cent, a net loss of some 50 people in the past five years, indicating a marked productivity improvement.

As for Brake Brothers, employment at Lenham, one of a number of manufacturing sites the company runs around the UK, has increased by about 10 per cent in the past year on the back of improved demand for its ready-made meals which are shipped under controlled temperatures by Brake's vans to customers in different parts of Britain.

Part of the strategy for Lenham, according to Mr Alan Marshall, Brake's managing director in charge of manufacturing, is to "carry on the business of coming up with product development ideas for bespoke meals in conjunction with our customers".

The company is also spending significant sums on improving its production operations, with £300,000 due to be invested this year in the Lenham meal preparation facilities.

Peter Marsh

The art of pulp fiction

The more sensational the cover the better, writes **Michael Carlson**

The body of a woman is being hoisted out of the water. Her red dress clings to her voluptuous figure. In the foreground, a man watches, submerged except for his head and one arm clinging to an anchor cable. His point of view becomes yours.

Painted by Robert Stanley in 1951 for the cover of a paperback re-issue of Dashiell Hammett's *Red Harvest*, this is only one of many striking images on view in *Pulps and Paperbacks: Sensational Art from the 20s to the 50s*, an exhibition at Illustration House in New York until the end of this month.

"'Go for the jugular' was their motto", explains Robert Reed, the organiser. "You had to grab the attention of the browser at the news-stand."

If a curvy dame was good, a diagonal damsel in distress was better. "Diagonals get your attention more than straight lines," says Reed. "A whole generation of B actresses developed their sultry poses based on that lean." Sure enough, in Rudy Nappi's cover for *Unfaithful*, a Diana Dors-lookalike gives her come-on to a slick hep-cat smiling through his cigarette.

"A gun was good but a gun going off was better." The hard-boiled look was everything. Hard-boiled meant being able to resist the allure of those diagonal sirens. George Gross was a master of the cheap *femme fatale*. His cover for *A Girl Called Joy* shows a woman on a doctor's examining table, diagonally, of course. Her blouse is open nearly to her waist, her skirt rides up to show her slip. Poor doctor.

In contrast, Gross's cover for Harry Whittington's *Violent Night* shows a woman in a similar pose, but unthreatening. She is on a slab in the morgue. A hard-boiled cop in a raincoat is talking with the coroner. He has seen it all before. The scene is lit to make the corpse seem alluring, even in death. Needless to say, these magazines were aimed at men.

Part of their lesson was that dames are dangerous. It is hard to miss the point in Gross's outré cover for *Love Me Or Die* by Day Keene. A couple embrace passionately as a huge blue hand descends as if to crush them: love me and die is what it is saying.

The artwork reflected both the marketplace and the changing style of American detective stories. The covers reinforce Raymond Chandler's statement that Hammett had taken murder out of the parlour and given it back to the people who really committed murders.

Examples from *Black Mask* in 1932 and *Scotland Yard Magazine* in 1931 reflect the cool design of smart drawing rooms. *Black Mask*, originally edited by H.L. Mencken, may have thought of itself as upmarket but soon magazines like *Dime Detective* boasted darker, more threatening scenes. Crime had been glamorous in the roaring twenties, but in the chaotic world of the Depression it was more threatening and the magazines dived downmarket.

Most of the covers were done in oils, painted on large canvas. This size was not demanded for reproduction. "It was more a convention," says Reed. "But the attitude of the publishers and most of the artists was that this stuff was junk. Magazines sold original art for a dollar. The artist looked at it as a stepping-stone to slick magazines, but they didn't think of it as art. It wasn't until later that they started working on board, and in smaller scale."

One man who went on to slick magazine and book illustration was J. Allen St John, who is featured with a cover for an Edgar Rice Burroughs-type adventure (man battles giant scorpion while an armoured woman is trapped in giant spider web, all rendered in delicate pastels).

But pride of place is given to an amazing cover by Paul Stahr. *The Pirate of Wall Street* cackles over his stock-ticker, flintlock pistol in his red sash. Its brush-strokes bold as a slashing sword, this is Reed's particular favourite. "We're only a few blocks north of Wall Street," he laughs. "I'm amazed this hasn't found a space in some broker's office yet."

At Illustration House, 96 Spring Street, New York 10012 (212-966-9444) Tuesday to Saturday 10am-6pm through March.

'The Pirate of Wall Street' by Paul Stahr which takes pride of place in the New York exhibition

Theatre/**Sarah Hemming**

Darkly comic 'Company'

Seen now, 25 years after it was first staged, Stephen Sondheim's *Company* seems curiously prescient. For, while his theme is ostensibly the pros and cons of marriage, as bachelor boy Bobby's married friends attempt to cajole or coerce him into the wedded state, what seeps out over the evening is a concern with a more fundamental loneliness. And here, in Sam Mendes's superb, polished and brittle production (transferring from the Donmar Warehouse), the musical seems to catch the hollow tone of the 1990s.

In the larger space of the Albery Theatre, Mark Thompson's airy, Manhattan loft set, with its elegant metal walkways and staircases, serves only to emphasise this feeling of cavernous emptiness, and matches the suave, self-contained Bobby's state of mind. Mendes successfully gives cohesion to the revue-style structure of the piece by suggesting that all the short scenes, in which Bobby is worked on by his various friends, are in fact visitations to his seething mind as, on his 35th birthday, he contemplates his future path.

It is a darkly comic piece which, despite its jauntiness, adds up to a hollow view of life. Such sardonic humour is something, of course, in which Sondheim excels, and the production plays to the hilt his clever deployment of opposites to sum up the human dilemma. How much you really warm to *Company* depends, perhaps, on the extent to which you feel that he balances bitterness with sweetness and cruel observation of human foibles with compassion. On this occasion, I have to confess, not even Adrian Lester's beautiful rendering of the final number, "Being Alive", in which Bobby achieves some level of self-knowledge and shifts towards commitment, truly convinced me that Sondheim's brilliant eye for the cynicism of our age is redeemed by hope.

But there is no getting away from the wit and brio of the staging or the sheer enjoyment of a wonderful cast. Lester is excellent as Bobby: handsome, charismatic, fascinating. He ably convinces you as a man committed to non-commitment, who has so far chosen the neatness of isolation above the messiness of company, and yet he also suggests the charm and vulnerability that makes his friends pet him and project their weaknesses and day-dreams onto him.

Elsewhere, the women are particularly good. Sheila Gish is hugely enjoyable as the embittered, rich bitch, who rasps out her contempt for other middle-aged women gloriously. Sophie Thompson too gives a virtuoso performance as a neurotic bride experiencing ice-cold feet on her wedding day – her rattling, high-speed solo delivered in counterpoint to the congregation's suffocating hymn is surely a Sondheim classic. And Hannah James is also a delight as one of Bobby's girlfriends, the nervy, gawky air hostess, all angles, wrists and ankles, desperate to please. The whole evening is as cool, polished and hollow as a designer vase.

Continues at the Albery, London WC2 (0171-369 1730).

Concert/**Stephen Pettitt**

Solti's Bruckner

Some clever marketing is being practiced down at the Barbican, for the London Symphony Orchestra's unlikely Bruckner-Mozart series continues to fill the hall for concert after concert. Even on his own, Bruckner is not the most easily sold of composers. His symphonies have their many high and glorious points, but there is no gainsaying their traits of stolid predictability, the feeling that there is a lot of – entirely necessary – going through of the motions.

What the listener has to decide is whether the patience they demand is worthwhile. And that in turn depends largely upon the ability of the conductor to shape these vast stop-start structures into something that seems continuously to evolve rather than to repeat, difficult when Bruckner's harmonic vocabulary is charged with so much less emotional power than that of his great hero, Wagner. After hearing several concerts in the LSO's series one is still left pondering about Bruckner's greatness.

Sir Georg Solti's reading of the Fourth Symphony, "The Romantic", on Wednesday, which followed Murray Perahia's somewhat grandiloquent and splashy account of Mozart's D minor Piano Concerto, K 466 (lengthy cadenzas by Beethoven and Perahia), offered us something like a knee-jerk reaction to the score, taking an event at a time. Particularly in the finale, that meant that the sequence of climax and resumption seemed to be working as a flat circle, as it were, rather than as a rising spiral, while a rawness in the orchestral sound made those climaxes wear on the ear. But against that could be set the carefully measured tread and lovely woodwind sounds in the Adagio, the luminous freshness that Solti saw in the opening movement, the outward simplicity of parts, at least, of the Scherzo.

Sometimes, indeed, he seemed to be endeavouring to bring the symphony close to the world of the early Symphony No 0, which had been conducted by Sir Colin Davis, a far more outwardly spiritual Brucknerian and conscientious shaper of this music, in a concert a couple of weeks before.

That work, which shows Bruckner less concerned with notions of formal perfection, less afraid of the untrammelled imagination, teasingly conjures up resonances of Schumann, Weber, even Berlioz. For all its crudities it is a piece for which one can easily cultivate fondness, and fondness is often preferable to respect.

Theatre in Scotland/**Alastair Macaulay**

Dramatic shake-ups offstage and on

The theatre world in Scotland is in for more than one shake-up offstage. Ian Brown, artistic director of Edinburgh's Traverse Theatre, is leaving to go freelance; Michael Boyd, artistic director of the Glasgow Tron, is leaving to become an associate director of the Royal Shakespeare Company in July; and Anna Stapleton is quitting as drama director of the Scottish Arts Council, to take up the same post for the Arts Council of England.

Meanwhile there are shake-ups onstage. At the Glasgow Citizens Theatre, audiences are flocking to see the stage premiere of the latest adaptation of a novel by Irvine Welsh, following the successful stage and film adaptations of his *Trainspotting*. *Marabou Stork Nightmares* is directed (and adapted) by Harry Gibson. On the night I attended, eight hecklers in the audience were evicted at the interval: it was important, remarked an usher, to have them removed before the much more disturbingly graphic events of Act Two. Well, yes. The protagonist, Roy Strang, played by James Cunningham, endures or perpetrates a string of prolonged sexual assaults. The point is that the abused abuses.

The whole Irvine Welsh phenomenon is of such sociological interest that I hardly like to observe that the *Marabou Stork Nightmares* staging is of virtually zero aesthetic merit. Although drugs are not the central issue here – sex, and a surrounding nexus of bullying and repression, are – *Marabou Stork Nightmares* returns us to the hopeless life of growing up in the Edinburgh tenements. Does it matter that Gibson hardly ever turns it into a play, that most of the acting – however intense – is coarse?

Yes, it matters. But the sheer grittiness of the subject matter and the relative artlessness with which it is depicted make their combined impact. *Marabou Stork Nightmares* is not good theatre, but – ironically – pop theatre. The culture of abuse becomes easy viewing.

Meanwhile, other views of Scottish society are on view at the Edinburgh Traverse in the world premiere production of David Greig's *The Architect*. Like many a Traverse play, it is an analysis of a Scottish social problem. In the past, Leo has designed buildings that are now falling down; and he has also shaped a nuclear family (wife, son, daughter) that is also falling apart.

When Greig pursues the details of the lives of Leo's children, he produces material with real depth and fluency. Martin (his son) takes to cottaging and starts a wild affair with another young man, Billy; but his inability to develop relationships leads to Billy's suicide. Several episodes of this ring peculiarly true. Likewise the way that Dorothy (Leo's daughter) allows a lorry driver, Joe, to pick her up, leads him on, rejects him, wants him back. Paulina (Leo's wife) has the play's wittiest lines; but everything about her obsessive rejection of her husband seems, like the entire *family/architecture* parallel throughout the play, merely schematic.

In Philip Howard's staging, Tom Black as the tough-crusted Martin is especially fine. Simon Vincenzi's set, a hollow three-dimensional framework, cleverly underlines every meaning of Greig's play.

At the Tron Theatre, Boyd – in his farewell staging – does a fair amount to jazz up Beckett's *Endgame*. Heaven knows what the Beckett Estate will have to say about the songs by Elvis Presley et al ... and occasional use of a microphone. I was more concerned by the three different acting styles on display amid the cast of four. And yet what happened onstage was Beckett's *Endgame*, still one of the most audaciously peculiar plays ever written, still poetically pregnant with meaning, still bleakly comic about the end of life.

The gimmicks of the production seem merely peripheral. Even when John Castle's delivery of Hamm tends to be too artful, and even though Forbes Masson as Clov is too silly, the play never loses its strange grip. Phil McCall and Jan Wilson are first-rate as Nagg and Nell, heads poking up from their dustbins. "I lost my tooth," he complains to her. "How?" she asks. "I had it yesterday," he says. "Ah," she replies, with a faint and tender smile, "yesterday."

In each episode of *In the Bar of a Tokyo Hotel*, now being given at the Glasgow Citizens in its Circle Studio, Tennessee Williams's writing shows why he too was one of the supreme post-war playwrights. Its 1969 premiere was in one act; this staging is in two. It manages both to be supremely theatrical and yet utterly persuasive; the blend of stylish artifice and of moral seriousness is always enthralling. Miriam is the sexually rapacious American woman who is passing through Tokyo; Mark is her artist husband, ill and frequently falling over (as Williams was at the time). Both of them are in their several ways doomed; but it is Mark who will die before the play's end. Miriam – a survivor, audacious, imperious, but devoid of all innocence – is one of Williams's strikingly camp creations. And Williams suggests that she as much as Mark is a projection of the author. "Are we two people, Mark?" Miriam asks "Or are we two sides of one, an artist married to a compulsive ...?" She does not finish her sentence, but she, he, and we know how to.

True, as scene follows scene, you gradually come to see why this play is among Tennessee Williams's most rarely seen. It contemplates the same dilemma too slowly; its final crowning metaphor, about "the circle of light", is too artificial; and, despite the unusual twist of the Tokyo-hotel-bar setting, it keeps ringing bells that Williams had rung elsewhere. Ellen Sheean, rather too monotonously pushy as Miriam, looks decades older than Colin Wells, rather too glowing as Mark.

But Philip Prowse, directing, perfectly catches, in the play's tone and pacing, the cusp Williams treads between camp urbanity and real anguish. The formal beauty of the set's japonaiserie adds just the right delicate tension. Odd lines, like Miriam's "Loneliness has become a worn-out thing to discuss", make an impact out of all proportion.

The Architect continues in repertory at the Edinburgh Traverse until March 10; *Endgame* continues in repertory at the Glasgow Tron until March 23. At the Glasgow Citizens Theatre, *Marabou Stork Nightmares* (in the Main Theatre) and *In the Bar of a Tokyo Hotel* (in the Circle Studio) continue until March 23.

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

CONCERT
Concertgebouw
Tel: 31-20-5730573
● Koninklijk Concertgebouworkest: with conductor Nikolaus Harnoncourt and violinist Gidon Kremer perform Brahms' Symphony No. 1 and Violin Concerto; 8.15pm; Mar 20, 21, 22

■ BERLIN

DANCE
Komische Oper Tel: 49-30-202600
● Romeo and Juliet: a choreography by Tom Shilling to music by Prokofiev, performed by the Ballett Komische Oper; 7pm; Mar 19

■ BRUSSELS

THEATRE
Rideau de Bruxelles
Tel: 32-2-507 83 60
● Trois Grandes Femmes: by Edward Albee. Directed by Roumen Tchakarov. The cast includes Jacqueline Bir, Anne Chappuis, Valérie Beauchau and Damien Gillard; 8.15pm; Mar 19, 20, 21, 22, 23, 24 (3pm)

■ CHICAGO

OPERA
Civic Opera House & Civic Theatre
Tel: 1-312-332-2244
● Siegfried: by Wagner. Conducted by Zubin Mehta and performed by the Lyric Opera of Chicago. Soloists include Siegfried Jerusalem, James Morris, Jane Eaglen and Matti Salminen; 6pm; Mar 21
EXHIBITION
Art Institute of Chicago
Tel: 1-312-443-3600
● Showing in the Kisho Kurokawa Gallery, "Contemporary British Architects" presents three years' highlights from the Architecture Room of the Royal Academy Summer Exhibition. Sponsored by the FT; to May 5

■ EDINBURGH

DANCE
Edinburgh Festival Theatre
Tel: 44-131-5298000
● La Sylphide: a choreography by Bournonville to music by Lovenskjold, performed by the Scottish Ballet; 7.30pm; Mar 19, 20, 21 (also 1.30pm), 22, 23 (also 2pm)

■ FLORENCE

CONCERT
Teatro Comunale
Tel: 39-55-211158
● Orchestra del Maggio Musicale Florentino: with conductor Semyon Bychkov and the Coro del Maggio Musicale Florentino perform Brahms' Schicksalslied, Op. 54 and Bruckner's Symphony No. 7; 9pm; Mar 22,23, 24 (3.30pm)

■ HAMBURG

CONCERT
Musikhalle Hamburg
Tel: 49-40-346920
● Johannes Passion: by J. S. Bach. Performed by the Kammerphilharmonie und Chor des Mitteldeutschen Rundfunks, conducted by Helmuth Rilling; 8pm; Mar 18

■ HELSINKI

DANCE
Opera House Tel: 358-0-403021
● Swan Lake: a choreography by Wladimir Bourmeister after Petipa/Ivanov to music by Tchaikovsky, performed by the Helsinki Ballet; 7pm; Mar 16, 19, 21

■ LEIPZIG

DANCE
Oper Leipzig Tel: 49-341-1261261
● Swan Lake: a choreography by Uwe Scholz to music by Tchaikovsky, performed by the Ballett Leipzig; 3pm; Mar 17
OPERA
Oper Leipzig Tel: 49-341-1261261
● Fidelio: by Beethoven. Conducted by Jiri Kout and performed by the Oper Leipzig and the Gewandhausorchester; 7pm; Mar 16

■ LONDON

AUCTION
Sothebys; Parke Bernet & Co.
Tel: 44-171-4938080
● Musical instruments: highlights of this sale include violins by Michaelangelo Bergenzi (1740), Joseph Guadagnini (1785), Francisco Uggieri (c. 1685) and Giovanni Francisco Pressenda (1832), and a cello by Giovanni Grancino made around 1700. Concert guitars in the sale include a 1962 instrument by Spanish maker Ignacio Fleta and a 1956 instrument by the German Hermann Hauser II; 10.30am; Mar 19
CONCERT
Wigmore Hall Tel: 44-171-9352141
● The Artis Quartet of Vienna: with pianist Stefan Vladar perform Mozart's String Quartet in C, K157, Brahms' Piano Quintet in F minor, Op. 34 and Dvorák's Piano Quintet in A, Op. 81; 7.30pm; Mar 16
OPERA
London Coliseum
Tel: 44-171-8360111
● Tristan und Isolde: by Wagner. Conducted by Mark Elder and performed by the English National Opera; 4pm; Mar 16

■ NEW YORK

CONCERT
Carnegie Hall Tel: 1-212-247-7800
● Maurizio Pollini: the pianist performs Beethoven's sonatas Nos. 27, 28 and 29; 3pm; Mar 17
● The Cleveland Orchestra: with conductor Christoph von Dohnányi perform Schoenberg's Five Pieces for Orchestra, Op. 16 and Bruckner's Symphony No. 5; 8pm; Mar 18
The Walter Reade Theater
Tel: 1-212-875-5600
● Corey Cerovsek and Katja Cerovsek: the violinist and pianist perform works by Franck, Tartini, Beethoven, Messiaen and Saint-Saëns; 7.30pm; Mar 18
EXHIBITION
The Metropolitan Museum of Art
Tel: 1-212-879-5500
● Splendours of Imperial China: Treasures from the National Palace Museum, Taipei: 450 works from the neolithic period to the Eighteen century from the National Palace collection; from Mar 19 to May 19

■ PARIS

DANCE
Théâtre National de l4Opéra - Opéra Garnier
Tel: 33-1 42 66 50 22
● Ballet de l'Opéra National de Paris: performs the choreographies En Sol, A Suite of Dances, Moves, and The Four Seasons by Jerome Robbins; 7.30pm; Mar 19, 20, 22, 23 (2.30pm & 8pm)

■ VANCOUVER

OPERA
Queen Elizabeth Theatre - Vancouver Opera
Tel: 1-604-682-2871
● The Makropulos Case: by Janácek. Conducted by David Agler and performed by the Vancouver Opera. Soloists include Mary Jane Johnson, Christopher Robertson and Benoit Bostet; 8pm; Mar 16, 19, 21

■ VENICE

EXHIBITION
Fiat Arts Centre, Palazzo Grassi
Tel: 39-41-523-5133● Major exhibition devoted to the civilisation of Magna Grecia – or the Western Greeks. Consisting of more than 2,000 objects; the intention of the show is to explore the devlopments of the period between the Eighth and Sixth centuries BC in the colonies from Sicily to Provence and the Iberian Peninsula; from Mar 24

■ VIENNA

CONCERT
Konzerthaus Tel: 43-1-7121211
● Olli Mustonen: the pianist performs works by Debussy, Prokofiev and Hindemith; 7.30pm; Mar 19
OPERA
Wiener Staatsoper
Tel: 43-1-514442960
● Arabella: by Strauss. Conducted by Leopold Hager and performed by the Wiener Staatsoper; 7pm; Mar 19, 22

■ WASHINGTON

CONCERT
Concert Hall Tel: 1-202-467 4600
● András Schiff: the pianist performs R. Schumann's Arabesque, Davidsbundlertänze and Blumenstück; 8.30pm; Mar 20
JAZZ & BLUES
Terrace Theater
Tel: 1-202-467 4600
● Billy Taylor's Jazz at the Kennedy Center: performance by pianist Billy Taylor, flutist Dave Valentin and the Chip Jackson Trio; 7.30pm; Mar 18

■ ZURICH

CONCERT
Tonhalle Tel: 41-1-2063434
● Heinz Holliger, Maurice Bourgue, Klaus Thunemann, Klaus Stoll and Christiane Jaccottet: the oboists, bassoonist, double bass-player and harpsichord-player perform works by Zelenka, W. F. Bach, Telemann and J. S. Bach; 7.30pm; Mar 17

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Philip Stephens

If the hinge breaks

On the issue of Europe, the prime minister and chancellor are playing for the highest of political stakes

The relationship between prime minister and chancellor is the vital hinge of British government. When it snaps, chaos reigns. So it happened between Margaret Thatcher and Nigel Lawson over the European exchange rate mechanism. So it might again between John Major and Kenneth Clarke over a single currency. One almost expects Mr Major to blurt out any day now that his Downing Street neighbour is "brilliant, brilliant, brilliant". Nay, "unassailable" even. Sterling and Europe could yet dig the Conservatives' political grave.

Ignore the desperate public pretence of the senior ministers who have been arguing in the past few days that this latest struggle is a figment of fevered Westminster imaginations. It is true that tensions are sometimes exaggerated. In their attitudes to spending and taxes, or for that matter to the welfare state, the two men are closer than the headlines often allow. But on the issue of Europe, Mr Major and Mr Clarke are playing for the highest of political stakes.

As I wrote in this space a week ago, I am not certain that the chancellor will resign if the prime minister gives an unequivocal pledge of a referendum on a single currency. But nothing has happened since to dissuade me from the view that Mr Clarke will seriously consider quitting.

It is madness it has come to this. When the cabinet convened eight days ago to discuss its white paper on the European Union's forthcoming intergovernmental conference, the objective was to restore a semblance of unity to the Tory backbenches.

To the extent that was ever possible, the document's publication on Tuesday was a modest success. It had been shrewdly drafted by Malcolm Rifkind, a foreign secretary with a lawyer's mind. The hard-line Eurosceptics were not satisfied, but then they never will be. And for the dwindling band of pro-Europeans there was just enough reassuring language.

But Mr Major had already exposed the chasm in the cabinet over the referendum issue. As one senior minister admitted dolefully, this administration retains an unerring capacity to shoot itself in the head. Another offered the hope that tempers will cool. Mr Clarke departs tonight for 10 days in the more agreeable climes of southern Africa. But I am told that there has been nothing so far in his conversations with the prime minister to support that hope.

Mr Major has flirted for nearly two years with the idea of promising such a plebiscite. The idea was first raised by Douglas Hurd, the then foreign secretary, in the autumn of 1994. In fact, Mr Hurd suggested two referendums – one on the outcome of the intergovernmental conference and another on the single currency. Mr Major, however, facing cabinet opposition not only from Mr Clarke but also from the Eurosceptic Michael Portillo, was persuaded to hold the proposal in reserve.

He returned to it at the instigation of Brian Mawhinney, the party chairman. Mr Mawhinney, never a politician with the steadiest of nerves, has been peddling dire warnings of the threat in marginal Tory seats posed by Sir James Goldsmith's Referendum party. Mr Major was told that a government promise of a plebiscite would outflank the Paris-based financier. It was also vital to appease the sceptics on the backbenches. And when better to announce it than during the party's spring conference in Harrogate at the end of this month? It is there that Mr Major intends to launch the first stage of his general election campaign.

> The chancellor sees the party of Europe which he joined in the early 1960s sliding ever faster towards the fatal embrace of narrow nationalism

For other reasons, most in the cabinet also support such a pledge. The recent speculation that Michael Heseltine has softened his stance was confounded by his robust opposition during the cabinet discussion. Chancellor and deputy prime minister represent a formidable minority. John Gummer and Sir Patrick Mayhew are also said to be allies. But others who call themselves pro-Europeans, Stephen Dorrell and Tony Newton among them, spoke in favour of a plebiscite. A vote unweighted by seniority would yield a hefty majority for Mr Major.

Mr Clarke's opposition, though, is implacable. Ask him and he would reel off a formidable list of objections. Why offer hostages to fortune now when it is uncertain even whether there will be a single currency? There is no place for referendums in a representative democracy, a view that Mr Major and most of the Tory party consistently upheld in parliament during the passage of the Maastricht treaty. A referendum would just as likely become a vehicle for protest votes as an opportunity for considered deliberation. And as for the argument that divisions on the issue would run across parties rather than between them, a free vote in the House of Commons would deal with that.

But the chancellor's most keenly felt objection is not technical, or even constitutional, but political. Time and again, he has blanched as Mr Major appeased the Eurosceptics and, in doing so, simply whet their appetite for more. He sees the party of Europe which he joined in the early 1960s sliding ever faster towards the fatal embrace of narrow nationalism. He despairs of the government's waning influence with its European partners.

This is not a premeditated struggle with Mr Major. Only two weeks ago Mr Clarke thought the issue of a referendum had all but dropped from the government's agenda. He was taken unawares by its return. But now it has become a symbol, a line in the sand. To concede would be to follow appeasement with surrender.

There is another parallel here with the epic struggle between the then Mrs Thatcher and Mr Lawson. He cited as the cause of his resignation the return to the prime minister's office of Alan Walters as her personal economic adviser. But that was just what Mr Lawson subsequently called the tip of the ill-concealed iceberg on which their relationship foundered.

There is no easy escape route for the present prime minister and chancellor. A decision has been promised by the end of the month. Neither can back down without severe damage to their authority. And I doubt the government would survive more than a few weeks beyond Mr Clarke's resignation.

The balance in the cabinet may change. The likes of Mr Newton and Mr Dorrell will presumably think hard before colluding in the chancellor's departure. The sensible course all along would have been for Mr Major to borrow Tony Blair's formula. This has it that participation in a single currency would require the explicit consent of the electorate either in a general election or a referendum. De facto, that guarantees a plebiscite if the possibility arose during the lifetime of the next parliament. Mr Clarke should be able to live with that. So too should Mr Major. That is not to say they will.

Philip Stephens' book, Politics and the Pound, *will be published next week by MacMillan.*

·LETTERS TO THE EDITOR·

Number One Southwark Bridge, London SE1 9HL

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New Zealand sets example on welfare reform

From Mr Frank Field MP.

Sir, Martin Wolf blowing the New Zealand trumpet ("Lessons from the antipodes", March 12) is more than justified. Along with colleagues on the social security select committee I visited New Zealand towards the end of last year. While we were examining benefit reforms the total transformation described in this article was apparent.

The key lesson I drew from being in New Zealand was the one which Martin Wolf emphasised. Britain is told that it is too small to matter and that its destiny is firmly held in the hands of other countries. Yet here is a country, infinitely smaller, that has transformed its economy and way of life. It has also embraced one of the welfare reforms I advocate for Britain. Their equivalent of income support has been transformed from a passive into a proactive agency. All claimants capable of work have to draw up a life plan listing what they wish to achieve. Social security staff are trained to help achieve these objectives. I believe we should go further and allow claimants to use their benefit providing they are attempting to achieve a career objective.

This benefit reform would liberate millions of claimants who are currently forced into permanent idleness. It would, as New Zealand has found with an even more modest reform, act as a major check on fraud. Allowing people to build their own life-rafts back into work and stopping fraud would soon begin to reduce the income support budget in Britain in real terms.

New Zealand has committed itself to a voluntary policy on savings for retirement. With means tested support for older people New Zealand is building up financial problems for itself. Means tests build fraud and deceit into the system. People will lie about their assets. The only way of increasing the chance of insuring an adequate retirement income is an extension of the compulsory system of savings we already operate in this country.

Labour's historic commitment has always been to a universal system of coverage. That can only now be achieved by a partnership between the state, the private sector and mutual aid provision together with an extension of compulsory retirement savings. But comprehension will be more expensive in the short run as the contribution to funded schemes to the low paid and those outside the Labour market must be covered from general taxation. Will Labour be the first party now reforming welfare to include all citizens in a stakeholder system? Elsewhere the poor have been cast out of civil society and ghettoed into a dependence on means tested assistance.

Frank Field,
House of Commons,
Westminster SW1A 0AA

Venezuela's frontier fight against drugs

From Mr. Roy Chaderton-Matos.

Sir, Your report on the Andean presidential summit in Peru ("New 'Andean Community' will be modelled on EU", March 12) contains a reference to "regular clashes between Colombian and Venezuelan troops on their frontier" that is simply false.

Venezuelan troops are engaged in the battle against criminals and narco-guerrillas on the frontier and my government favours the presence of Colombian forces to fight against these groups on their side of the border.

Many Venezuelan soldiers have been killed or wounded in the fight against drug trafficking and may have contributed to preventing drug related deaths in consuming countries.

Roy Chaderton-Matos,
Ambassador,
Venezuelan Embassy,
1 Cromwell Road,
London SW7 2HR

Harmony on EU arms export policy

From Mr Steve Shropshire.

Sir, In a period of declining global defence expenditure, and in the face of stiff competition from the US, Europe's defence industries are having to reorganise to survive ("UK to join European arms project", March 13).

One aspect of this restructuring process which is being overlooked, however, with potentially disastrous consequences, is the impact on national arms export control policies. The danger is that they will be bypassed and export policies will tend to the lowest common denominator. Indeed, sources at Daimler Benz Aerospace, commenting on the collaborative venture with France's Thompson CSF, have said that the new business arrangements will allow the parent companies to circumvent the political sensitivities involved in exporting some of the more controversial armaments, by allowing the new business to sell arms under whichever set of national laws are less restrictive.

National controls operated by member states are proving increasingly ineffective against a restructured defence industry. Harmonised EU arms export controls are necessary. Some progress in this direction has already been made. The European Council agreed eight criteria on arms exports in 1991 and 1992. However, these criteria are vague, non-binding and have been consistently misinterpreted or disregarded.

A key priority for member states at the forthcoming intergovernmental conference, must be to reach a common interpretation and implementation of these criteria based on the higher levels of existing national controls.

Steve Shropshire,
arms trade researcher,
Saferworld,
33/34 Alfred Place,
London WC1E 7DP, UK

Debating women's role in Hollywood

From Ms Jöelle Diderich.

Sir, I have just read Nigel Andrews' review of the film *Get Shorty* (March 14), starring John Travolta and Gene Hackman.

May I suggest he read for himself the novel by Elmore Leonard from which it was adapted.

I think he will find that Gene Hackman is, indeed, too sophisticated to portray the character of Harry, and Danny De Vito too squat for the role of movie idol.

But nothing in the novel suggests Rene Russo's character should be "blonde with a low IQ".

Instead, she is portrayed as smart, sassy and more able to hold her own against the cool hero.

I can only assume Mr Andrews' own view of women's role in Hollywood prompted his uncalled-for remark.

Jöelle Diderich,
C/Argensola 7,
28004 Madrid,
Spain

Europa · Michael Werbowski

A long wait out in the cold

The EU needs to make progress on enlargement to include eastern and central Europe

The European Union's intergovernmental conference which begins in Turin at the end of the month looks likely to be a long hard slog. Reviewing progress since the Maastricht treaty and reforming EU institutions will be a lengthy, cumbersome and perhaps even a rancorous affair. The talks look as if they may take years.

There is, therefore, likely to be little urgency in addressing the pressing issues arising out of the enlargement of the Union to cover eastern and central Europe. These former communist countries have demonstrated their willingness to join their western neighbours, but have made little progress so far.

Apparently, the pace of history is supposed to slow down and wait for the EU to get its own house in order. Central and eastern European countries are expected to continue the reforms prescribed by Brussels as conditions for membership, while EU ministers haggle over budgetary and monetary policies.

But apprehension is growing in central European political circles that assurances about eventual EU membership made by Brussels will not be kept. Governments in the region which came to power after the collapse of the Berlin Wall have staked their electoral future on "Europhoria", the chance to join the EU.

They expect EU leaders to follow through on their promises. The entire economic reform process in the region depends on it. There may even be a political backlash if, after painful transformations to market economies, the hope of membership turns out to be a mirage.

If eastern and central European countries do not join the EU, they will be relegated to the margins of western Europe with little or no influence on policy or decision-making in Brussels. The alternative of a half-way house that excludes these countries from some aspects of EU membership is little better: it would leave them as second-class citizens, without the benefits, privileges and obligations of full membership.

Trevor Humphries

Helmut Kohl: eager to see a united Europe from east to west

Worse, they may end up as a buffer between east and west as so often in the past – vulnerable to pressure and destabilisation from either side. None of these options sounds attractive to the applicants.

At the 1993 EU summit in Copenhagen, the strategy was first formulated which offered negotiations within a framework of structured dialogue. The countries of eastern and central Europe were led to believe by Brussels that this meant enlargement was practically a done deal: the question was not whether they would join, but when.

But the relationship between the EU and the associate member countries has become like that of an engaged couple waiting to be married, yet still unable to set a date for the wedding. Eventually, feeling dejected and frustrated, one side may decide to call the whole thing off. If a date for accession or a clear timetable is not agreed on by the member states during the intergovernmental conference, central Europe may gravitate eastwards more.

Chancellor Helmut Kohl's Agenda 2000 proposal to accelerate negotiations with Poland, Hungary and the Czech Republic shows the determination of Germany to act as the matchmaker or intermediary between east and west.

The man who was instrumental in reuniting his own country is eager to see a truly united Europe from east to west, with an extended European family living, as he puts it, "under one European roof and in one European house".

However, the amount of sway that Germany will have on this issue at the negotiations in Turin is questionable. The free flow of goods and people between east and west is a long way off.

EU trade restrictions and stringent border controls between EU and non-EU member states have created a fortress mentality within the union. Deep divisions are becoming apparent between those members favouring a vast continental free trade area and those which seek protection from the competitive central European economies with lower wages and a highly skilled labour force.

Those more favourable to enlargement are the European business and financial community. Other interest groups oppose competition in their sectors – for example, the French farmers who fear that Polish produce will flood their traditional markets.

The case made by opponents to further enlargement is that it will entail enormous costs, especially if the common agricultural policy and the structural and cohesion funds are extended to the new entrants. It seems ironic that a massive bureaucratic structure with a notorious reputation for profligacy and spendthrift subsidies has suddenly become cost-conscious.

If Brussels practised what it now preaches to its eastern partners and cut wasteful spending and administrative inefficiency, more money would be available to finance the next phase of enlargement.

There is also a problem of perception. The Czechs, Poles and Hungarians do not see themselves as applicants begging for charity, as Brussels appears to believe. These countries do not want to join the EU simply because of the hand-outs that might be offered to its underprivileged members. These emerging economies are fast becoming productive and prosperous and, in the long run, may become net contributors to the EU coffers.

The central Europeans have transformed their economies in a short time. They deserve credit for accomplishing, against the odds, what can be called a *Wirtschaftswunder* or economic miracle.

Overcoming the bitter legacy of the cold war and consolidating democracy in the region will take longer. It is time for the EU to live up to its ambitions for a wider union, and begin the formidable task of creating a united Europe from east to west.

The author, a Prague-based journalist, is co-ordinator of Project Expansion, a lobby group for the rapid enlargement of the EU to the east.

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FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
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Friday March 15 1996

South Africa's unused assets

Mr Chris Liebenberg, South Africa's competent and amiable finance minister, has an unenviable task of trying to match the country's daunting spending needs with its modest resources. He has somehow to find the funds for urgent expenditure on such basic requirements of the black population as housing, education, health and water supplies – all grossly neglected during the years of apartheid rule – without endangering his government's deserved reputation for fiscal rectitude. The recent speculation against the rand served as a rude reminder of the international markets' sensitivity to any sign of slippage.

In the event, his budget on Wednesday confirmed his careful balancing act. He managed to make modest tax concessions to middle and lower income groups, avoid any politically explosive increase in value added tax, and still forecast a modest reduction in the budget deficit. He has done so by proposing to sell off a good portion of the country's oil reserves, raising some taxation by bringing pension fund income into the system, and promising to tighten up on tax evasion.

Yet given the scale of the challenges facing the country, Mr Liebenberg may be being too cautious. All agree that the greatest challenge to be tackled is unemployment, with up to one in three of the population out of work, or living on sub-subsistence. To make any inroad on that, growth in gross domestic product must be raised, from the current 3.5 per cent a year to an annual 6 per cent or so. That requires a very substantial increase in savings and investment, both from domestic and foreign sources.

Pension funds

South Africa's savings rate has tumbled over the past 10 years from more than 25 per cent of GDP to around 17 per cent, mainly due to a decline in personal saving. The inevitable redistribution of income in favour of the lowest paid, since the advent of majority rule, is likely to increase consumption still further, at the expense of saving.

The government can help by cutting its budget deficit more vigorously: Mr Liebenberg proposes to bring it down from more than 6 per cent of GDP to 5.1 per cent in the coming year. But with capital spending by government at less than 3 per cent of GDP, that figure is still much too high. Moreover, his move to tax interest and rental income of pension funds is scarcely a signal to encourage private savers – even if they were relieved that the 17 per cent tax rate is only half what the worst rumours had forecast.

State assets

One answer is surely to be braver on the question of privatisation of state assets. The ruling African National Congress and its trade union allies are extremely cautious about any such move. They talk instead of "restructuring state assets": that appears to be a euphemism for privatisation to some members of the government; to others, it means no more than streamlining state companies to make them more efficient.

The government has a very significant portfolio: through the Industrial Development Corporation, it has holdings in Iscor, Sasol and Alusaf. It owns Telkom, the state telecommunications corporation, and Transnet, which includes South African Airways, as well as the harbours and national railways. And it owns Eskom, the giant electricity utility. Total privatisation receipts could be as much as R60bn.

Of course, a blind sell-off of such state assets would probably simply reinforce the present white-dominated and highly concentrated ownership of South African industry. But the government should consider voucher privatisation, as practised in eastern Europe, as part of the mixture: it could then raise sorely needed funds to reduce its budget deficit (and state debt), and also greatly increase the popular (black) ownership of shares.

At this moment, Mr Kenneth Clarke, the UK chancellor of the exchequer, is heading for South Africa to preach the benefits of British-style privatisation. Perhaps Mr Liebenberg should also be inviting Mr Vaclav Klaus, of the Czech republic, to hear the story of voucher privatisation.

Playing poker with Lloyd's

What price peace? The helplines at Lloyd's of London are now open, and 34,000 Names, the individuals who have supplied the 300-year-old insurance market's capital, are trying to work out what the latest recovery plan means for them. If Lloyd's is to survive, it must win the backing of a significant majority. However, it would be understandable if many Names did not regard this plan as the final offer.

So far, the tortuously complex figures put forwards by Lloyd's are indicative; final numbers will be published in May. However, the proposal gives Names an estimate of what they must pay to settle their debts with Lloyd's. In exchange for a final lump sum, they can transfer outstanding liabilities to Equitas, a new Lloyd's-owned reinsurance company, including huge claims under US pollution and asbestos policies. Lloyd's will contribute £2.8bn to reduce the bill. It estimates that the net cost to individual Names should be capped at £100,000 plus their deposits at Lloyd's.

If Names reject the offer, they may be pursued by Lloyd's for much larger sums. They must weigh the package against the chance that future court actions could secure them a better deal.

Each Name has a different exposure, and the overall response is highly unclear. Lloyd's does not even know whether Names still have enough money to meet the settlement, even if they want to accept it. In the poker game now under way, all players are weighing up three central questions. First, is this the best Lloyd's can offer? Second, what happens if the deal fails? Third, if it succeeds, what future can Lloyd's expect?

Additional money

The deal represents a big improvement on the first offer. However, there are ways in which it might be increased. The £2.8bn might be raised, partly by payments under insurance policies protecting agents against legal action. Some Names also feel that auditors, brokers and agents might be persuaded to put more money into the settlement. Present proposals assume no payments from auditors and brokers, and just £200m from agents.

In the case of auditors, Names believe that they might want to contribute to avoid legal action of the kind already successfully brought against Ernst & Young. For their part, brokers and agents might well suffer if Lloyd's ceased to write new business.

If agents take the threat of closure seriously, they could find it worthwhile to pay a slice of future profits into the settlement. However, Lloyd's is nervous of putting on too much pressure, on the grounds that agents might be prompted to quit the market altogether.

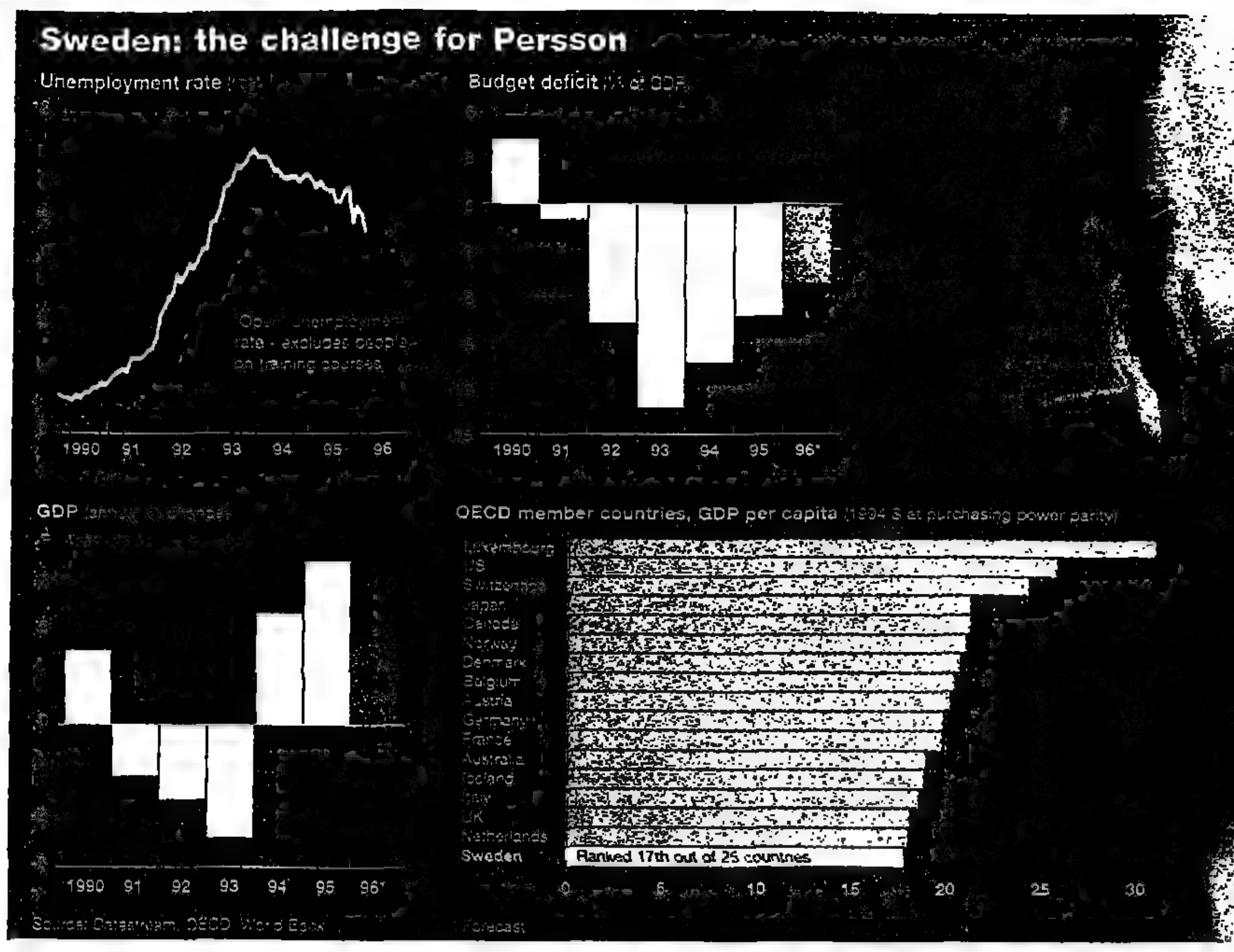
Brinkmanship

The present brinkmanship therefore depends in the end on the central question: if this deal fails, will Lloyd's shut down? Lloyd's has every incentive to portray itself in the worst light possible, to encourage Names to accept its offer. But nonetheless, there is every reason to take it at its word when it says that without this settlement, it would be unlikely to pass the Department of Trade and Industry's annual solvency test.

Failure of this deal would not automatically force it to stop trading. But its future would immediately be placed in the hands of the DTI. That would raise the political temperature of what has been portrayed as a purely financial crisis, a possibility which both Lloyd's and ministers must dread.

If a settlement is accepted, what future has Lloyd's? Part of its uniqueness and cachet stemmed from its pledge that it would pay claims even if it had to take the shirts off its members' backs. But Names' unlimited liability has lost any attraction it might have offered, even though Lloyd's points out vigorously that, throughout its troubles, it has met every valid claim.

There is a case, despite the damage to its reputation, that Lloyd's would still have a competitive advantage. Lacking a fixed sales force, it has lower costs than many continental and Japanese insurers. It still offers rare expertise and flexibility, particularly the ability to write large, specialised policies which much of the world's insurers would shun. Between it and that happier outlook, however, lies a game of poker which is far from over.



Lion tamer steps into the ring

Sweden's new premier faces the task of maintaining his party's welfare commitment while reviving the economy, says **Hugh Carnegy**

In the auditorium of the People's House in Stockholm this evening, the faltering giant of Swedish politics, the Social Democratic Party, will elect Mr Göran Persson as its new leader. He will thus become the country's new prime minister, replacing the less colourful Mr Ingvar Carlsson, who retires after 10 years as party leader.

The burly, bespectacled finance minister is a formidable politician who oozes self-confidence and will revel in the opportunity to wield power. "Göran Persson is the lion tamer at the circus," says Mr Klas Eklund, chief economist at Skandinaviska Enskilda Banken and formerly an influential figure in SDP governments.

But Mr Persson's ascent to the Folkets Hus podium at tonight's party congress is far from a triumphal march. Both the country and the party that has ruled it for all but nine of the past 65 years face an uncertain future.

Mr Persson collared the top job after steering Sweden back from the brink of financial collapse in 1994. He implemented a series of tough budget measures which have restored at least some of the country's battered reputation in international financial markets and won the respect, if not the affection, of his party.

Even after his reforms, Sweden has yet to come fully to terms with the traumatic changes of the last decade, which have profoundly shaken a nation once so proud of its welfare-based, egalitarian society that it proclaimed it as the "Swedish Model".

The rapid internationalisation of the world economy, the end of the cold war and the painful realisation that Sweden could no longer afford the cradle-to-grave welfare system it built up in the 1970s have undermined the model. The pressure to be internationally competitive exposed the extent to which Swedish companies were overmanned, burdened with costs and dependent on regular devaluation. The subsequent increase in unemployment costs greatly increased state spending, and the public sector quickly outgrew the private sector's ability to finance it.

Yet the Social Democrats remain committed to a redistributive welfare system that preserves the key party principle of minimising divisions in society. The challenge facing Mr Persson is how to achieve this while reversing a process which has seen Sweden slip in the past 25 years down the OECD's international league of income per capita from the top five to 17th.

The economy has recovered some of its poise since the 1991-93 recession and the subsequent battle to overcome a yawning budget deficit and fast-rising public debt, which at one stage threatened to approach 100 per cent of gross domestic product. A combination of painful spending cuts and tax increases over three years – equal to 7.5 per cent of annual GDP – stabilised the debt last year and should eliminate the budget deficit by 1998.

These measures, pushed through by Mr Persson since the SDP returned from three years in opposition in late 1994, won back a significant degree of confidence in the financial markets, leading to a strong rise in the krona and a big fall in interest rates in recent months. Mr Persson insists Sweden will meet the economic convergence criteria to qualify for the planned start of European economic and monetary union (Emu) in 1999.

But the economy remains vulnerable, and could relapse into crisis. Already the 3 per cent expansion of 1995 has been followed by a marked slowdown in growth this year. Total unemployment is stuck at more than 12 per cent of the workforce, although the government often uses a lower figure, which excludes those on training courses. This is a shocking level for a country which as recently as six years ago had a jobless rate of under 5 per cent.

The size of the public sector is still huge by international standards, accounting for more than 60 per cent of GDP. "If we are lucky, the downturn will be sharp but short. But if we are unlucky and Europe and Sweden go into recession, then Göran Persson is in big trouble. In any case, unemployment is going to be stuck at high levels," says Mr Eklund.

The Social Democratic party, meanwhile, has been in a state of disarray. The first preferred candidate to succeed Mr Carlsson, the then deputy premier Ms Mona Sahlin, was forced to withdraw after revelations that she used her government credit card for private spending.

More substantially, the need to cut cherished welfare spending on unemployment programmes, sick pay and child care benefits has outraged many in the rank-and-file. They thought the election victory in 1994 would herald a return to traditional SDP policies, not an even tougher regime than that adopted by the previous centre-right coalition headed by Mr Carl Bildt, the radical conservative.

"Everyone should contribute [to solving the economic crisis] according to their ability," protests Ms Lotta Gröning, editor of the traditionalist Norrländska Socialdemocraterna newspaper. "Now everyone has to contribute regardless of their condition, and that is a complete break with Social Democratic principles."

The party has also been split by the issue of Sweden's entry to the European Union last year; a clear majority currently opposes the party leadership's intention that Sweden should join Emu.

Many in the top echelons of the party – dubbed the "renewers" – are trying to persuade the grassroots that the SDP must adopt radical reforms to adapt to the changes facing the country, much as Mr Tony Blair has overhauled the policies of Britain's Labour party. Their agenda includes a rethink on benefits, a more flexible labour market, measures to encourage entrepreneurs and full participation in the EU.

Mr Carlsson can take credit for already having moved the party in this direction. He presided over sweeping economic and financial deregulation in the 1980s and tax reforms in 1991. He swung official SDP policy to a pro-EU stance.

But the party has approached all these issues in a defensive mode, portraying them as necessary evils to protect the core of the welfare state rather than as desirable goals in their own right. The policy debate that will follow Mr Persson's election will be dominated by "traditionalists" clamouring for a return to the "tax-and-spend" certainties of the 1970s. Mr Persson will struggle to avoid being bound by traditionalist resolutions.

The key question now, therefore, is what kind of leadership Mr Persson will offer. Sweden's big exporting companies – such as Volvo, Ericsson, Electrolux and Astra – are urging him to stick to a reformist agenda, continuing to keep firm control on the public finances, trim the public sector, ease the tax burden and loosen the still rigid labour regime. "The main priority is no turning back," says Mr Eklund.

The companies' argument is that the party must accept these formulas if the country is to return to sustainable growth. Indeed, the renewers argue fervently that only by doing so will Sweden be able to continue to afford generous welfare provisions.

Mr Persson's record as finance minister has encouraged the view that he will pursue such a programme. But there are already signs that the necessity of keeping the party together will temper whatever reforming zeal Mr Persson – whose roots are firmly in the working-class mainstream of the SDP – may possess. In January, he upset financial markets by agreeing to union demands to return unemployment and sick-pay benefits in 1998 to 80 per cent of previous salary levels from the 75 per cent to which they were recently reduced.

"It is uncertain what kind of a prime minister Mr Persson is going to be," says Professor Olof Ruin of the political science department at Stockholm University. "My feeling is he is more of a reformer than a traditionalist, but he is bound to try to keep the party together."

The new leader will seek to heal the divisions in the SDP which have led to a sharp fall in the party's popularity. From more than 45 per cent of the vote in the 1994 election, the party's poll ratings have tumbled to less than 35 per cent. One poll early this year put Mr Bildt's conservative Moderate party ahead of the SDP for the first time ever.

Disgruntled voters have been deserting the SDP in droves to the Left party (the former communists) and the Environment party. In elections for seats in the European parliament last September, these two anti-EU parties together polled 30 per cent of the vote, while the SDP slid to 28 per cent, its lowest result in a national election since 1911.

But Mr Persson has one valuable card in his hand: the Left and Environment parties would never support a right-of-centre government. Meanwhile, the four-party alliance that made up Mr Bildt's 1991-94 coalition has fractured, with the Centre party forming an informal alliance with the SDP. The Liberals and Christian Democrats have slipped far down the polls, leaving Mr Bildt's Moderates with little prospect of forming a government after the next election in 1998.

"In the present situation, the Social Democrats are doomed to rule," says Prof Ruin. This should give Mr Persson the leeway to pursue a bold, reformist course. The question is whether he believes such a course is required to restore the prosperity and self-confidence Sweden enjoyed in past decades.

· OBSERVER ·

Leonard of Arabia

■ A small cloud has appeared on the horizon at Garsington, the Oxfordshire village famous across Britain for its out-door operas. This time it's not the locals who are kicking up a fuss about noisy opera singers, but the leading man himself. Leonard Ingrams, brother of former *Private Eye* editor Richard Ingrams, is decamping to the Middle East.

Ingrams, a director of merchant bankers Robert Fleming, is joining Bahrain's Arab Banking Corporation as chief operating officer. He knows the area well. When he was working at Barings, the family bank, he was seconded to the Saudi Arabian Monetary Agency, where he worked alongside David Mulford, the former US Treasury star who now heads Credit Suisse First Boston.

Ingrams is one of those rare birds who enjoys working in Saudi Arabia more than in London. So after a brief interlude back at Barings in London he returned as chief adviser to Sama's governor in the 1980s. "When I went Sama had $15bn of assets; when I left it was up to $165bn," says Ingrams.

Clearly Robert Fleming, where he has worked for 11 years, didn't make the most of his Middle East connections. So when he got the call from Ahmed Abdullatif, ABC's chief executive and former deputy governor of Sama, Ingrams jumped at the chance of returning to his old haunts.

One (no doubt scurrilous) suggestion is that he has been recruited to apply his first class mind to one of ABC's unspoken problems – how to sever its Libyan connection, which upsets the Americans.

Nevertheless, his return to the Middle East at this stage in his career – he is 54 – is strange, especially since his Garsington opera, a mini-Glyndebourne, is gearing up for its next high-brow season. Ingrams insists that the show will go on, and that he will be choosing next years' productions. Indeed, he is toying with the idea of Mozart's *"Die Entführung aus dem Serail"*. How appropriate.

Reader's dyspepsia

■ They're going to have to rename Pleasantville, the sleepy Westchester County headquarters of Reader's Digest, in New York state. Yesterday the company said it was cutting 100 jobs at Pleasantville, as part of a global staff bloodletting.

The Digest likes to make out it's a caring organisation, but in truth it's always been something of a snake pit. On Christmas Eve in 1965 its founder, DeWitt Wallace, used a staff party to summarily dismiss his long-standing general manager, Al Cole, and to demote Cole's protege, Fred Thompson, who also happened to be Wallace's nephew-in-law.

At least the remaining Unpleasantville staff will still be able to enjoy the wonderful art collection, carefully acquired by DeWitt and his wife Lila, and which decorates the corridors. It's described by local staff as "priceless"; unlike the staff.

Chocks away

■ A bold recommendation yesterday from Jacques Douffiagues, the former transport minister charged by the French government with coming up for a location for a third 'Paris' airport. Out of his hat he pulled Santeuil, so far to the south of the capital that it's practically in Orléans. An odd choice, perhaps – except it's near the district he long represented as a local and national politician.

Whitewater scare

■ New Yorkers – who have survived the snowiest winter on record – are now suffering the wrong kind of thaw. Commuters heading home to New Jersey were held up for two hours on Tuesday night, when the upper deck of George Washington Bridge was closed because chunks of ice the size of table-tops were falling onto the roadway.

And on Wednesday morning the rush-hour was disrupted, as drivers unused to sunshine were dazzled by the unaccustomed glare. The same New Jersey-ites, this time heading eastwards, couldn't see where they were going, having left their sunglasses at home.

Molotov's cocktails

■ Ruffled feathers at the very pukka Sind Club, watering hole of the Pakistani and foreign elite in Karachi. Months of political violence have prompted them to bring along their Kalashnikov-toting bodyguards, despite repeated admonitions from the club secretary. "This practice is causing a great deal of inconvenience to other members," he says in a stern notice. "Please refrain from bringing armed guards into the Club premises."

Last word

■ It was the Ides of March and Mark Anthony, Caesar and Brutus had arranged to watch their local soccer club play an important away fixture. The day was not going well. The visitors were trailing badly and Brutus had been delayed in the Rome traffic and missed most of the first half. At last he arrived and breathlessly asked his friends for the score.

Caesar turned to the late arrival and replied sadly: "8-2, Brute."

The Financial Times

50 years ago

Durban deep strike

Johannesburg:- Miners at three shafts of the Durban Roodeport Deep Company refused to go underground on the morning shift as a protest against the expulsion of one of their number from the mineworkers' union and his dismissal from the company. Men at one shaft each of the Consolidated Main Reef Mines and Estate and Rand Leases Gold Mining Company struck work in sympathy. The Durban Deep men later issued a statement emphasising that they had no quarrel with any management and that the stoppage was directed against the Mineworkers' Union. "We demand," says the statement, "the immediate election of shaft stewards on every shaft at every mine throughout the reef and in coal mines, and from the men elected a new mineworkers' union will then automatically come into being."

Gen. Motors after the strike

New York:- The settlement of the General Motors strike on Wednesday afternoon has paved the way for a volume production of automobiles originally expected months ago. The new two-year pact provides an 18½ cents hourly wage increase for 175,000 employees in 92 plants in 50 cities.

FINANCIAL TIMES
Friday March 15 1996

Commission favours area south-west of city

Protests over site chosen for third Paris airport

By Andrew Jack in Paris

The third airport for Paris should be built south-west of the French capital close to the cathedral city of Chartres, a government commission recommended yesterday.

Mr Jacques Douffiagues, a former transport minister, said his commission had picked an area encompassed by the communes of Santeuil, Beauvilliers and Sainville, in the Eure-et-Loire *departement* of Central region. The airport is due to be built in the next century.

The announcement was greeted with disappointment in the Picardie and Haut Normandie regions, which had proposed rival sites and lobbied strenuously for them over the last few months.

Mr Charles Baur, head of the regional council for Picardie, north of Paris, which had offered three sites, described the choice as "an error on a national scale for economic as much as technical reasons". The announcement also prompted protests in the area chosen that they had not been consulted by the commission and had known nothing about the decision until they had read leaks in the press.

Mr Douffiagues said all the sites examined had been proposed by elected politicians, and that it was the government's responsibility, not the commission's, to carry out consultation and make the final decision.

Mr Bernard Pons, the minister of transport, and his junior minister, Ms Anne-Marie Idrac, last night said they had "taken note" of Mr Douffiagues' recommendations, and would host hearings for all three regions examined.

In 1994, the government put forward a plan to build a third runway for Charles de Gaulle airport, north of Paris. This was greeted by public protests, and Mr Douffiagues was appointed to examine all the options for handling the growth of air traffic in the Paris region.

That report concluded last year that both Charles de Gaulle and Orly airports, to the south of the city, were close to saturation and that in the long term there was a need for a third airport.

It estimated the current costs for an airport of 30m passengers a year at FFr20bn ($3.9bn) before road and other forms of access. Last November Mr Pons and Ms Idrac appointed Mr Douffiagues's commission to examine where the third airport should be built.

Mr Douffiagues yesterday said the airport would be needed between 2015 and 2030, and with the potential for considerable expansion.

"We need to reserve a site as a safeguard. The challenge is to ensure we are not reproached by our children for creating a situation as congested as that in the airports of Paris today," he said.

Forbes bows out and backs Dole as Republican nominee

By Jurek Martin in Washington

Mr Steve Forbes, $30m poorer but still believing the money was well spent, yesterday bowed out of the race for the Republican presidential nomination and grudgingly endorsed Senator Bob Dole for the task of trying to unseat President Bill Clinton in November.

The millionaire publisher said he would work "wholeheartedly" for the majority leader, but only mentioned Mr Dole's name at the end of remarks about his own campaign. He suggested the Republican party had some way to go to "re-establish its credentials with the American people".

Mr Forbes reiterated his policy positions from the flat rate income tax to healthcare reforms, many of which Mr Dole has expressed only muted interest.

Mr Forbes's 25-week campaign was initially dismissed with derision, but caught brief fire in early primaries in Delaware and Arizona, where he beat Mr Dole. But in seven primaries last Tuesday he could only manage one second-place finish.

Mr Forbes's friends, led by Governor Christie Whitman of New Jersey and Mr Jack Kemp, the former housing secretary, have spent much of the last 24 hours trying to mend fences with Mr Dole. Bad blood has existed between them after the publisher's ferocious TV commercials assailing Mr Dole as the embodiment of a failed political establishment in Washington.

Governor Whitman said she hoped Mr Forbes would be invited to serve as a Dole delegate at the party convention in August. But Mr Kemp said he regretted that Mr Dole had not solicited Mr Forbes's support, thereby displaying, he said, "no magnanimity in victory".

The immediate practical consequence of Mr Forbes's withdrawal is that Mr Dole will probably clinch the nomination in the four Midwestern primaries next Tuesday.

Exact delegate counts vary, but the 229 at stake in Illinois, Ohio, Michigan and Wisconsin could give the majority leader the 996 needed. He now has about 750, plus most of the 70 pledged to Mr Forbes.

But Mr Pat Buchanan, the only other remaining candidate, showed no signs of bowing out. In Toledo, Ohio, he appealed to the publisher's supporters by saying he would work to include Mr Forbes's flat tax proposal in the Republican party platform.

The conservative pundit repeated warnings to Mr Dole that he was prepared to lead his backers out of the party if his policy demands were dropped from the platform. He also predicted that a Dole nomination increased the chances of an independent or third party candidacy in November. "My guess is Ross Perot [the 1992 independent contender] will run . . . and that hurts the Republican party."

Could have done better, Page 16

Bank protest

Continued from Page 1

150 of the 380 lawsuits filed against banks and insurers.

Mitsubishi, which said that Mr Oishi's claims were unfounded, admited that it faced some litigation, but would not specify the number of cases.

The bank said that it was willing to renegotiate the terms of the loans to ease the burden on its customers.

Life insurers and banks also deny that they misled customers.

Deal on securities risks

Continued from Page 1

known as margin – on a daily basis against their exposures, exchanges usually have a clear idea about the risks that each of its members faces.

"If members start to have out of the ordinary positions or exposures, alarm bells start to ring," Mr Mackeonis said.

The agreements to be announced at the International Futures Industry conference in Boca Raton, Florida, underline the mood of co-operation among derivatives exchanges.

Under pressure to reduce costs and improve the level of service for members, a number of exchanges are examining alliances and trading links. This has been a theme of the conference.

Earlier this year the Chicago Board of Trade and the Chicago Mercantile Exchange the world's two biggest derivatives exchanges, announced they were examining co-operation and could eventually merge.

US, EU split over military aid to Bosnian government

By John Barham in Ankara, Lionel Barber in Brussels and Bruce Clark in London

US and Turkish officials will today host a conference on providing military aid to Bosnia, amid strong European complaints that the rearmament plan is likely to undermine the peace process.

The conference has been criticised by the French foreign ministry, which said the priorities in Bosnia should be stability and reconstruction rather than weapons procurement. It has also been criticised by officials close to Mr Carl Bildt, the international mediator in Bosnia.

US officials said last night they were seeking to arrange a meeting of Balkan leaders and western governments in Geneva next week. The European Union, which is maintaining an arms embargo on Bosnia, Croatia and Serb-led Yugoslavia, will be represented at today's conference only by an observer. Separately, some member governments will also send junior officials.

In defence of the conference, US officials have said that military aid to Bosnia was clearly envisaged in the Dayton peace agreement, and was one of the conditions under which Bosnian president Alija Izetbegovic signed the accord.

Washington also says military aid will not be forthcoming unless the federation of Bosnian Moslems and Croats, which makes up 51 per cent of the loosely constituted Bosnian state, is successfully united.

Croat-Moslem co-operation has come under increasing strain recently, but the Bosnian and Croatian prime ministers met yesterday and said they did not believe problems were insoluble.

A British foreign office spokesman said London accepted the legality of military aid to Bosnia, but a senior UK official said Britain "had never been enthusiastic" about the US-sponsored rearmament programme.

Military Professional Resources Incorporated, a US company staffed by retired generals, confirmed yesterday that it was among the bidders for a contract to help upgrade Sarajevo's armed forces. General Ed Soyster, a former head of the Defence Intelligence Agency who is now chief spokesman for MPRI, said bids had to be submitted by next Monday and he understood that at least two other companies were planning to make bids.

MPRI's management includes General Frederick Kroesen, who used to command the US army in Europe. The firm was contracted last year to help the Croatian army, but it insists that its help has been in "non-lethal" areas such as civil-military relations, and denies having given any weapon training.

Transatlantic row looms, Page 3

THE LEX COLUMN

Hoechst's half measures

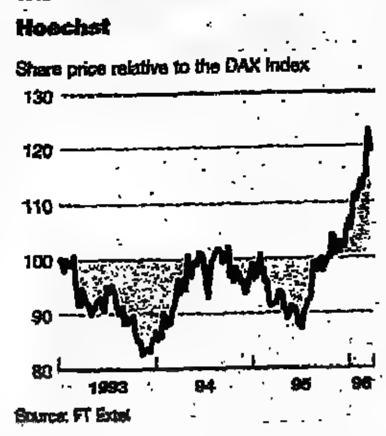
Hoechst's avowed commitment to shareholder value is about to face its sternest test yet. Mr Jürgen Dormann, chairman, has admitted that the group's pharmaceutical arm does not sit comfortably within its mainstream chemicals business. He should now follow through and spin it off.

The logic behind such a step is overwhelming. Strengthened by last year's $7bn purchase of Marion Merrell Dow, Hoechst's drugs business is the world's fourth largest, on a par with Merck of the US which is capitalised at over $80bn. Yet the entire Hoechst has a market value of just DM27bn ($18bn); and that includes a chemicals business which made operating profits of DM2.1bn on sales of DM40bn in 1995. There are German tax problems to overcome and Hoechst is still in the process of integrating Marion Merrell Dow. But the scope for a demerger to unlock value is clearly enormous.

On top of that, a free-standing pharmaceuticals company would be in a better position to participate in the industry's consolidation. It could then contemplate an all-share merger on the lines of the Ciba/Sandoz deal in Switzerland. And, as BASF's purchase yesterday of a Japanese drugs company shows, even the Germans are becoming aware of the need for global scale.

Clearly, it would be wrong to value Hoechst's drugs business as highly as Merck which has much better margins. But the margins at Hoechst are improving rapidly, from 10 per cent in 1995 to an estimated 15 per cent this year, with a 20 per cent target by 1998. With a demerger coming into the frame, Hoechst's shares look ridiculously undervalued.

FT-SE Index: 3681.8 (+41.5)



Source: FT Extel

Metro

The merger of the various retailing interests of Germany's Metro has plenty of short-term benefits. Not least, bringing together Asko, Deutsche SB-Kauf and Kaufhof Holding will tidy up a messy share structure. There are also considerable financial advantages. The company estimates that it will save an estimated DM400m ($270m) by cutting out duplications. And it will be able to make use of substantial tax losses in Asko, the poorly performing specialist retailer.

However, there must be some doubt over the attractions of a huge retailing conglomerate to investors. Although the group insists it will be highly decentralised, the holding company will preside over a hotch-potch of businesses of varying quality. Judging by the history of diversified retailers in the UK, fixing problems in one business without letting any other balls fall to the ground is no easy feat. Of course, the new group will have substantially greater financial fire-power; and, as a market leader in a range of retailing sectors, considerable clout, which it may be able to use to expand into foreign markets. If the hoped-for improvement in the German retailing environment fails to materialise, it may well need to.

At least the management seems to have the right intentions, setting goals of a post-tax return on equity of 15 per cent and a progressive dividend policy. This attention to maximising shareholder value is refreshing in a German company. The test will be whether the senior management will be prepared to get rid of any bits of the business which it cannot get right.

BTR

Mr Ian Strachan, BTR's new chief executive, is trying to break the conglomerate's obsession with profit margins and focus on sales growth. Most of that growth will come from following big customers, like the car makers, into the developing markets of South America and Asia. It follows that BTR will accelerate the disposal of its remaining non-manufacturing interests to concentrate on a smaller range of truly international businesses. Acquisitions and cost cutting will continue to play a part, but from now on capital investment and marketing will receive greater attention. BTR has been groping its way towards this global strategy for several years, but it has taken Mr Strachan to pull it together.

The group's 1995 results show how much work there is to do. Underlying sales grew by 6 per cent and profits by only 5 per cent, though that was partly due to poor performances from Taiwanese polymers and rail contracting – which have both been declared non-core. More of a worry is the weak cash flow. After interest, tax and capital spending, the cash cover for the dividend was less than 0.6 times. Fortunately, BTR stands to collect £1.1bn as its remaining warrants convert over the next three years and interest cover is a healthy 10 times.

Given BTR's size and a dull economic background, sales growth will not accelerate overnight. But after share price underperformance of 30 per cent over the past three years, the mere fact that the group has a coherent strategy and is starting to communicate it more effectively should give investors some comfort.

Enterprise Oil

The City's love-hate relationship with Enterprise Oil appears to be on again. Yesterday's 43 per cent jump in profits fuelled the recent recovery in the share price. At long last, the company seems to have been forgiven for its indiscretion with Lasmo. More importantly, Enterprise has finally proved that it does not need another acquisition to fill the gap left by the failed 1994 bid.

The company's scatter-gun approach to organic expansion has paid off; it now has a portfolio of assets which has restored confidence in its long-term future. In a year of significant production growth, Enterprise managed to replace more than 200 per cent of reserves. It plans to increase output from 200,000 barrels of oil a day last year to 300,000 by 1999.

Its Italian venture may have taken time to come good, but it now looks likely to exceed all expectations. Only a small amount of oil has been booked so far, but production could rise to over 100,000 barrels of oil in a few years time. Further ahead, the company also has a reasonable spread of prospects in Australia, Peru, Vietnam and Cambodia. So far, the increase in Enterprise's asset valuation resulting from recent finds fully justifies the share price rise. Should it wish to, it is now in a strong position to fund a takeover with cash or shares.

The only immediate blot on Enterprise's horizon is the oil price. Higher prices helped the company last year. But with North America's cold winter coming to an end and the possibility of Iraqi oil exports re-entering the market, the outlook for prices this year is not that good.

Additional Lex comment on Mirror Group, Page 26

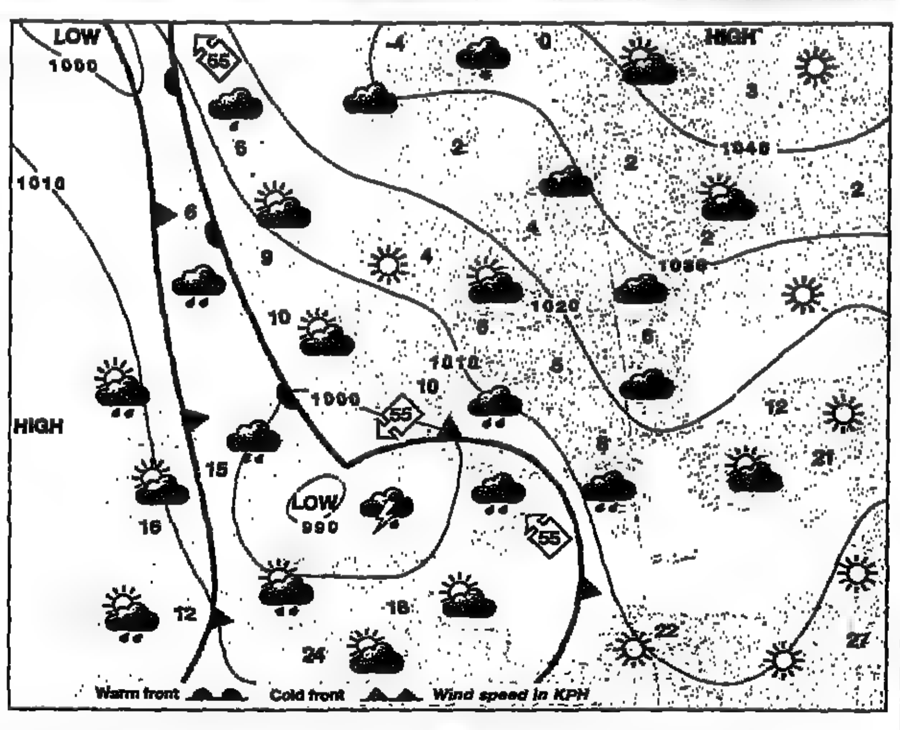
FT WEATHER GUIDE

Europe today

Milder air from the south will raise afternoon temperatures above freezing across the continent. Maximum temperatures will be around 15C in southern Europe and above 20C over the eastern Mediterranean. A disturbance will produce cloud and rain in Ireland and Scotland. South-eastern England will remain dry with sunny spells. A series of low pressure areas will produce abundant rain in southern and western France, the Pyreneees, Italy, the Balkans and Greece. Some showers may be accompanied by thunder. The rest of Europe will remain dry although southern Scandinavia will have cloud and snow. Cloud will prevail in most of eastern Europe but eastern Turkey, Russia and the Benelux will be sunny.

Five-day forecast

Cloud and rain will spread from southern to south-eastern Europe during the weekend. The UK will be rather cloudy with patchy rain but will turn drier early next week. Cloud will increase in the Benelux and Germany where temperatures will be about 8C during the weekend. Eastern Europe will also turn warmer and cloud will decrease. High pressure will continue to promote plenty of sun in most of Russia.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	25
Accra	shower	33
Algiers	shower	14
Amsterdam	sun	7
Athens	rain	16
Atlanta	fair	24
B. Aires	fair	26
B.ham	cloudy	7
Bangkok	fair	36
Barcelona	rain	13
Beijing	cloudy	12
Belfast	rain	6
Belgrade	rain	9
Berlin	fair	4
Bermuda	fair	21
Bogota	fair	20
Bombay	sun	33
Brussels	fair	10
Budapest	rain	5
C.hagen	cloudy	2
Cairo	sun	33
Cape Town	sun	27
Caracas	fair	29
Cardiff	rain	7
Casablanca	shower	16
Chicago	cloudy	8
Cologne	fair	10
Dakar	fair	23
Dallas	fair	22
Delhi	sun	29
Dubai	fair	23
Dublin	rain	6
Dubrovnik	rain	15
Edinburgh	drzzl	6
Faro	fair	16
Frankfurt	fair	8
Geneva	cloudy	9
Gibraltar	cloudy	15
Glasgow	drzzl	7
Hamburg	fair	5
Helsinki	snow	0
Hong Kong	rain	21
Honolulu	fair	28
Istanbul	fair	11
Jakarta	thund	30
Jersey	drzzl	7
Karachi	fair	28
Kuwait	sun	27
L. Angeles	cloudy	18
Las Palmas	fair	21
Lima	cloudy	26
Lisbon	shower	12
London	fair	9
Lux.bourg	fair	9
Lyon	cloudy	15
Madeira	cloudy	19
Madrid	cloudy	9
Majorca	rain	15
Malta	fair	15
Manchester	cloudy	8
Manila	shower	33
Melbourne	windy	30
Mexico City	sun	25
Miami	sun	28
Milan	rain	11
Montreal	fair	-1
Moscow	sun	3
Munich	fair	6
Nairobi	fair	28
Naples	shower	16
Nassau	sun	26
New York	cloudy	10
Nice	rain	14
Nicosia	sun	21
Oslo	cloudy	-2
Paris	fair	12
Perth	fair	25
Prague	cloudy	6
Rangoon	sun	36
Reykjavik	rain	6
Rio	cloudy	28
Rome	rain	16
S. Frsco	sun	17
Seoul	fair	12
Singapore	shower	32
Stockholm	snow	-1
Strasbourg	fair	10
Sydney	sun	25
Tangier	shower	13
Tel Aviv	sun	26
Tokyo	rain	14
Toronto	fair	1
Vancouver	sun	11
Venice	rain	9
Vienna	rain	5
Warsaw	cloudy	4
Washington	rain	13
Wellington	rain	20
Winnipeg	fair	6
Zurich	fair	8

FINANCIAL TIMES
COMPANIES & MARKETS

Friday March 15 1996

IN BRIEF

Metro sees rise as it clinches merger

Metro, Germany's large retailing, discount and cash and carry group, forecast a sharp rise in profits and sales following final agreements to merge with its independently run subsidiaries Asko, Deutsche SB-Kauf and Kaufhof Holding. The merger follows several months of detailed negotiations to buy the stakes of minority shareholders. Page 20

Siemens Nixdorf buys 10% stake in Vobis
Siemens Nixdorf, the computing subsidiary of Germany's Siemens group, has acquired a 10 per cent equity stake in Vobis, another German personal computer manufacturer, as part of its strategy to grow its PC operations. Page 21

Seagram operating profits slide 8%
Seagram, the Canadian drinks and entertainment group, saw an 8 per cent drop in operating profits to $234m in the fourth quarter, despite a 55 per cent rise in revenues to $3.7bn. It also warned of lower cash flow in the period to June 30 this year. Page 24

US acquisition lifts Reckitt & Colman
Reckitt & Colman, the UK household products group, appears poised for double digit growth in earnings per share following the successful integration of Lehn & Fink, the US group it bought last year. The first benefits from L&F showed in the rise in 1995 pre-tax profits before exceptionals to £417.8m ($639m), against £160.2m. Page 25

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)				Elf Aquitaine	349.2	+	9.8
Rises				Suez	192.3	+	8.2
Karstadt	[illegible]	+	15.0	Technip	440	+	11.5
VEW	480	+	10	Valeo	265.5	+	9.5
Zanders Feinpap	91	+	5	**Falls**			
Falls				Docks de Fr	872	−	41
Allianz	990	−	27	**TOKYO (Yen)**			
Porsche	782	−	18	**Rises**			
Schmalbach Lub	235	−	13	Honshu Paper	648	+	38
NEW YORK ($)				Nachi Fujikoshi	502	+	37
Rises				Nippon Yakin	488	+	25
Barnes & Noble	32¾	+	3⅛	Nisshin Oil	611	+	49
Capco Auto	12	+	4¼	Shionogi	[illegible]	+	[illegible]
John Wiley A	33¼	+	2¼	**Falls**			
Falls				CSK	2310	−	130
Big Flower	11⅛	−	4⅜	**HONG KONG (HK$)**			
Office Depot	19⅝	−	5¼	**Rises**			
Teradyne	18⅝	−	1¼	Dah Hwa Intl	0.35	+	0.05
LONDON (Pence)				Lucky Man Prop	6.7	+	0.5
Rises				Ngai Hing Hong	7.5	+	0.75
Blacks Leis	87	+	6	**Falls**			
Coats Cons	53	+	6	HK Daily News	1.4	−	0.15
Enterprise Oil	420	+	33	Legend	0.485	−	0.105
Jeyes	133	+	14	Thai-Asia Fd	11.2	−	0.7
Pittards	62	+	7	**BANGKOK (Baht)**			
Falls				**Rises**			
Waterhouse Grp	32	−	13	Far East	156	+	14
TORONTO (C$)				Hana Micro	143	+	12
Rises				IFCT Fin & Sec	52.5	+	4.75
Les Lab Aeter	17¼	+	1⅞	**Falls**			
Liquidatn Wrld	14¼	+	1½	Interlife Ins	85	−	7
Spectral Diag	9¼	+	1¼	Quality Hses	91	−	10
Falls				Univentures	40.5	−	4.25
Circp Craft	8⅝	−	⅜				
Dundee Bancp A	15½	−	1¼				
KWG Res	10	−	2⅞				
PARIS (FFr)							
Rises							
BNP	193.4	+	6.3				

New York and Toronto prices at 12:30.

BASF buys into Japanese drugs market

Analysts expect similar deals to follow German group's DM500m move

By Jenny Luesby in Frankfurt and Emiko Terazono in Tokyo

BASF, the German chemicals company, yesterday announced the acquisition of a DM500m ($338m) majority stake in Hokuriku Seiyaku, a Japanese drugs company.

The move is the first foreign acquisition of a Tokyo-listed drugs company since Merck acquired Banyu Pharmaceuticals in 1983.

Similar deals could follow, according to analysts. There are nearly 1,500 drugmakers in the Japanese market, and few have sufficient capital to run effective research and development operations.

Hokuriku, which posted sales of Y15.8bn ($150m) in the year to March 1995, has a market share of 0.3 per cent in Japan.

BASF said the acquisition would provide a platform from which to build a share of 1 per cent. Before the acquisition, Hokuriku said it could achieve this target within 10 years. Foreign participation should accelerate this, said analysts.

Japan is the world's second-largest drugs market with sales of $53bn last year, up 10 per cent on a year earlier. Previously BASF Pharma had no manufacturing sites in Japan and its market presence was limited to seven drugs sold by three agents.

Hokuriku specialises in antibiotics, the peripheral and central nervous system and respiratory diseases. Prescription drugs from its own research account for around 70 per cent of sales.

The company has faced growing competition. Profits last year stood at Y1.1bn. Yesterday it denied rumours that this year's results would be depressed by losses made in the derivatives market, saying that all its investments were in bank deposits.

It needed an alliance in order to be competitive, it said. "We cannot compete alone even in the domestic market," said Mr Masanori Ito, Hokuriku's president.

"A lot of companies with sales smaller than Y50bn are probably looking for a foreign company to buy them out," said Mr Yoshihide Yoda, pharmaceuticals analyst at UBS Securities in Tokyo.

BASF said its offer would be presented to Hokuriku's shareholders on March 18. The company is predominantly privately owned with about half of its share capital owned by 10 people. Another 12.25 per cent is controlled by Searle, a Monsanto affiliate.

Through its Knoll subsidiary, BASF will bid Y1,450 a share for a 51 per cent stake in Hokuriku.

Hokuriku's shares rose 9.9 per cent on Wednesday on speculation that the company was a BASF target. Shares closed another 1 per cent higher yesterday, at Y2,010.

Deutsche Telekom group wins Czech mobile phone bid

By Vincent Boland in Prague

A consortium led by DeTeMobil, the mobile telephony arm of Deutsche Telekom, yesterday won a stake in a Czech GSM digital mobile telephone licence, one of two being offered to introduce competition to the market for the first time.

Pledging to invest Kc5.5bn ($200m) to develop a digital network and to offer "one of the lowest GSM tariff regimes in Europe", the consortium, TMobil, won against competition from five other international bidders.

DeTeMobil owns 84.5 per cent of TMobil. Stet International of Italy has 12 per cent, and three local investors, the computer groups PVT and TMP, and SIS, a financial investor, own the rest.

TMobil won a 49 per cent stake in the licence. Ceske Radiokomunikace (CRK), the Czech radio transmission group, will own 51 per cent. They will form a joint venture to develop and operate the network, but TMobil will have management control.

The German-led consortium won by offering the most attractive tariff package. The government had put a weighting of about 50 per cent on the affordability of the new service, out of the four main criteria on which each bid was judged. The other important factors were rapid coverage, quality of service, and the funding of the joint venture.

TMobil's tariff structure is understood to consist of three packages. A "diamond" package will target heavy mobile users, "economy" will aim at private users, and a "manager" package at those in between.

Each has different rates for call charges, monthly service fees and the amount of free minutes per month. A standard connection fee of Kc3,000 applies to each customer. Mr Karel Dyba, the Czech economy minister, said the tariffs would be about half the level of those in Germany, although TMobil declined to comment.

After a joint venture agreement is signed between TMobil and CRK, probably on March 25, the stage will be set for a period of intense competition in the mobile market. Demand for keenly-priced mobile services is expected to be high because of the low penetration of fixed-line services.

TMobil will be competing with EuroTel, a joint venture between the national fixed-line operator, SPT Telecom, and Bell Atlantic and US West, which already offers analogue mobile telephone services in the Czech Republic and Slovakia, and which will be awarded the second GSM licence.

TMobil is expected to launch in September, and to have 90 per cent coverage after 30 months.

Exchanges agree to restructure Globex

Richard Lapper, in Boca Raton, Florida

Two of the world's biggest futures exchanges have reached an agreement with Reuters, the international news and financial information organisation, to reshape the use of the Globex electronic trading system.

The arrangements, expected to come into effect in May, will allow the Chicago Mercantile Exchange (CME) and the Paris-based Matif greater flexibility to develop links with other futures markets than they enjoy under the existing Globex agreement.

Reuters will also be free to sell its electronic services to other futures markets. "It is a much more flexible agreement," said Ms Rosalyn Wilton, managing director of transaction products at Reuters. "We are able to grow our business and they have the freedom to decide how best to grow theirs without restrictions."

Until now parties to Globex, launched in 1992, have been constrained in the extent to which they can link with other exchanges. At a time when futures markets are looking to alliances to save costs and improve service these restrictions have made Globex less attractive to other exchanges.

The Chicago Board of Trade (CBoT), which last year announced a trading link-up with the London International Financial Futures and Options Exchange, dropped out of Globex in 1994.

"The restrictions had been barnacles on progress and experience suggested we don't need them," said Mr Jack Sandner, CME chairman. Mr Sandner said the CME would invite the CBoT, its rival, to rejoin Globex, which could assist the two exchanges to develop co-operation plans announced earlier this year. These discussions could lead to a merger of the two markets.

Under the new Globex agreement, Matif and the CME will pay Reuters a fixed fee each year for capacity on the system rather than a fee per transaction, as is charged under the current contract. Fees paid to Reuters by exchange members for the use of Globex terminals will also be reduced. Firms accessing through CME or Matif will pay only $800 a year, compared with the $1,200 previously charged by Matif.

Mr Gérard Pfauwadel, Matif chairman, said the agreement made Globex more like a utility. At Matif trade over Globex amounts to between 10 and 15 per cent of the total, compared with 1.5 per cent at the CME.

Worldwide the number of contracts traded over Globex reached 7.2m in 1995 and is now running at more than 700,000 a month.

Wolfgang Münchau on the worrying trends facing German groups

When a strong bottom line tells only half the tale

German economists are usually among the last people in the country to recognise a recession, in spite of falling economic output and rising unemployment. One of the frequently cited arguments why Germany is not in recession is the "strength" of corporate profits. Unfortunately the statistics showing corporate profits holding up well reveal more about statistics than about profits.

The headline figures for Germany's large companies look impressive, especially the strong results reported by chemical groups this week. In an analysis of top German companies, Commerzbank found that profits rose 26 per cent last year, with 15 per cent annual growth forecast for this year and the same again for 1997. However, the figures hide a series of worrying trends:

- An increasingly large element of profits stems from foreign earnings, while domestic earnings stagnate or fall back.
- Another important factor is the delayed effect of the 1992/93 wave of restructuring.
- Germany's Mittelstand, the medium-sized company sector, has not benefited nearly as much as large companies. The Mittelstand is considered the backbone of the economy, but it is often not included in the statistics.

Some of these factors cannot be accurately reflected in statistics. Companies are not required under German accountancy rules to publish a regional breakdown of profits.

Mr Harald Schmidt, global financial analyst at Commerzbank, said the high proportion of dividends that arise out of foreign earnings signals "an indication of how bad the situation is at the moment... Without doubt we can speak of recessive tendency or even a recession if you look at this development." The construction sector has virtually collapsed this winter, an early sign of trouble to come.

Mr Schmidt says the rise in the D-Mark last year is one of the key factors undermining competitiveness. He sees little room for a boom unless the D-Mark softens, pointing out that Siemens, the electronics group, budgets about DM2.5bn ($1.7bn) a year for losses arising from the strong D-Mark and price falls.

Siemens typifies the tendency of German companies to earn an increasing proportion of their income abroad. This is also reflected in investments. First-quarter foreign turnover at Siemens in the 1995/96 financial year was up 30 per cent, while domestic turnover fell 10 per cent. Staff levels were up 2 per cent abroad over a three-month period, while in Germany they fell 1 per cent.

Mr Martin Pütz, director of economics and marketing at IKB Deutsche Industriebank in Düsseldorf, expects further stagnation in 1996. Recent weakening of the D-Mark would bring only limited relief as there was no evidence of strong foreign demand.

Mr Hans Tietmeyer, president of the Bundesbank, said this week the pattern of German exports was going through an upheaval, as demand from western Europe fell rapidly, while eastern Europe and Asia became more important markets.

Although large companies with an international presence can generally cope with such rapid shifts, small and mid-sized companies find it much harder. The Mittelstand, once viewed as the pillar of Germany's industrial strength, is now seen as one of the main causes of its decline. Its profits, on aggregate, are heading towards zero; it proves less adept at adjusting to changed markets than large companies; and it did not restructure nearly as much.

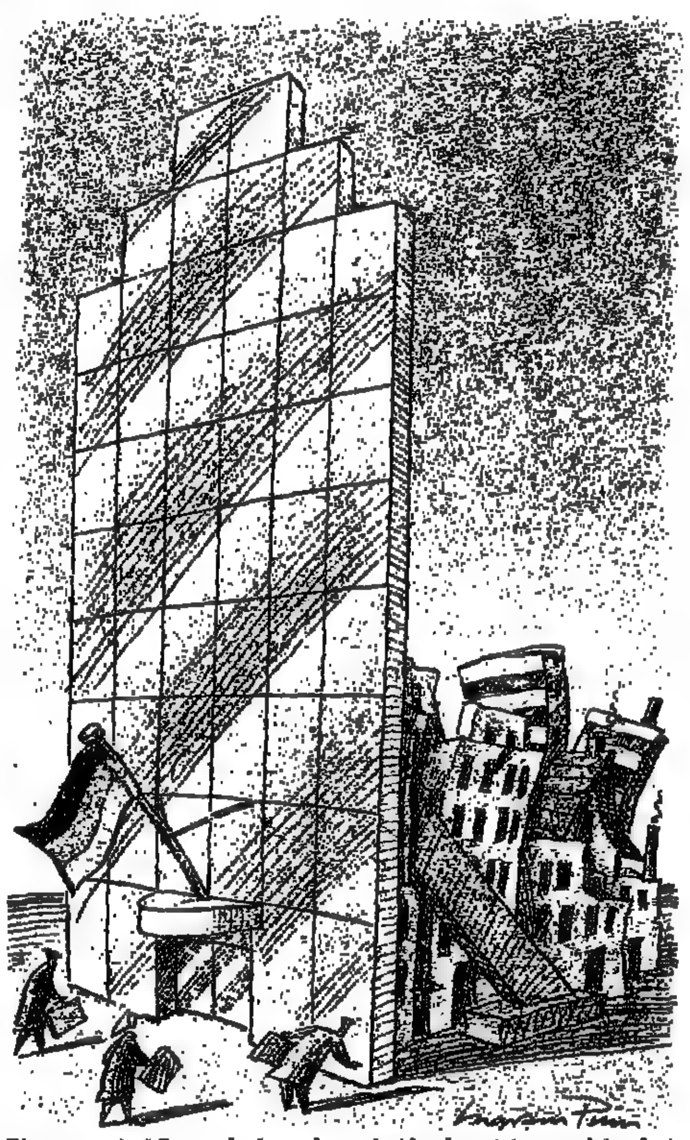
Mr Jürgen Bock, president of the union of mid-sized companies, said: "Mid-sized companies behave differently from large companies. When a Mittelstand company hits trouble, it continues until it is finished. The last thing it would do is to dismiss its workers." As a result, its substance eroded, while its aggregate assets shrank.

He said the return on turnover for the Mittelstand averaged 1.4 per cent, which compared with 7.8 per cent in England, "a country we used to look down on". A return of at least 5 per cent was needed for the situation to return to normal.

The gulf between Mittelstand and large companies has led to unprecedented discord in German employers' federations. They find it increasingly hard to draw up a strategy for all employers to rally behind in their tussles with the trade unions. The Mittelstand, traditionally the most hard-nosed sector in its industrial relations, stands with its back to the wall, still reeling from last year's wage round, which has brought many companies closer to the edge.

German bankruptcy statistics are one of the more reliable indicators of what is happening in the economy. Creditreform, the financial information agency, said corporate insolvencies increased 15.5 per cent last year, and were especially high in eastern Germany. This year, Creditreform estimates a 5 per cent rise in west German insolvencies to 23,000 and a 35 per cent rise to 9,500 in the east.

Whether the squeeze on the corporate sector will bring about a recession, or whether it is merely an expression of a temporary weakness will not be resolved for some time. German economists define a recession as an annual fall in output year on year, rather than a fall during two consecutive quarters, as in Anglo-Saxon countries. But anyone who believes the economy is not as bad as it looks had better turn to arguments other than "strong" company profits.



Big companies' figures look good . . . but bankruptcies are rising fast

BTR to accelerate non-core divestment

By Tim Burt in London

BTR, the industrial conglomerate, yesterday said it would accelerate its withdrawal from non-manufacturing operations after reporting a 6 per cent increase in full-year profits.

Although the company exceeded expectations by lifting pre-tax profits from £1.41bn to £1.5bn ($2.29bn), it hinted that it would sell or scale back its non-core polymers, construction and North American aggregates operations.

Falling demand and weak prices in those areas dented an otherwise robust performance by BTR's industrial and consumer-related operations, which helped lift operating profits from £1.48bn to £1.58bn.

Mr Ian Strachan, unveiling his first figures since becoming chief executive in January, said: "Divestment of non-core businesses has accelerated and we will continue the refinement of the portfolio."

Further disposals are expected under the restructuring launched by Mr Alan Jackson, Mr Strachan's predecessor, who last year raised approximately £900m from the sale of businesses such as Dunlop Slazenger and Tilcon, the UK aggregates subsidiary.

Mr Strachan predicted acquisitions would continue at a pace similar to 1995, when BTR spent £720m on 11 companies including Varta, the German batteries manufacturer, and Gencorp, the US vibration controls company. He also hinted that the group would scale back its consumer-related businesses, while retaining its packaging and paper technology interests.

The consumer-related sector had the largest growth of BTR's main operating divisions with profits up 18 per cent to £342m.

BTR's five product areas – consumer-related, industrial, transportation, construction and control and electrical power systems – contributed sales of £9.78bn (£9.44bn). Mr Strachan said it was a credible performance given the "ferocious" competition in the US automotive sector and slowing demand in the construction industry.

Fully diluted earnings per share rose from 22.7p to 24.9p.

The group recommended a final dividend of 9.15p (8.3p), making a total for the year of 14.69p or 16.075p including the enhanced foreign income dividend paid at the halfway stage.

Lex, Page 18

EUROPEAN NEWS DIGEST

Kredietbank ahead 10% at BFr11.55bn

Kredietbank, Belgium's third largest bank, yesterday unveiled a 10 per cent rise in 1995 net profit after minority interests, to BFr11.55bn ($381m) from BFr10.49bn a year earlier. Gross income rose 8.8 per cent to BFr65.28bn from BFr59.98bn in 1994 and included net interest income of BFr48.58bn, against BFr46.16bn, and BFr16.7bn of other income, against BFr13.82bn, the bank said.

Operating costs rose 7.1 per cent to BFr39.84bn from BFr37.3bn, due to a one-off charge from a change in VAT regulations and higher costs of the Spaarkrediet unit acquired in January 1995, it said. Depreciation, write-downs and provisions rose 82.4 per cent to BFr11.59bn, from BFr6.35bn a year earlier, and included an 88.2 per cent rise in credit risk provisions to BFr6.46bn, it said. Write-downs in 1994 were substantially depressed by write-backs of country risk provisions, it said. The board is proposing a net dividend of BFr235 out of 1995 profits, against BFr215 a year earlier.

AFX News, Brussels

Minorco quashes rights talk

Rumours of an impending and substantial rights issue by Minorco, the Luxembourg-quoted natural resources group controlled by the Anglo American Corporation of South Africa, were quashed yesterday by Mr Hank Slack, the chief executive. "It is the furthest thing from our mind," he insisted after announcing a 60 per cent increase in Minorco's earnings before tax and exceptional items to $665m.

There was speculation that Minorco would use the rights issue cash to take over Diamond Fields Resources, which discovered the Voisey's Bay deposit in Labrador, expected to become the world's biggest and lowest-cost nickel mine from 2000 onwards. Mr Slack confirmed Minorco was taking a keen interest in the corporate manoeuvres surrounding Voisey's. "It is a very attractive project and we are attracted to projects like that," he said. *Kenneth Gooding, Mining Correspondent*

FT/S&P Actuaries World Indices

The FT/S&P Actuaries World Index Policy Committee carried out full reviews of Belgium and Denmark at its quarterly meeting on March 11 and decided on the following constituent changes, to take effect from April 1 1996:

Belgium. Additions: BBL VVPR (112); Electrafina VVPR (212). Deletion: GIB VVPR (491).

Denmark: Additions: Kobenhavens Lufthavne (301); Coloplast B (431); De Dansk Luftfartselskab – 50 per cent investibility weighting (301). Deletions: D/S 1912 (303); D/S Svenborg A (303); ISS A (481); Aalborg Portland A and Pref. (611); Portagua B (171).

The Committee confirmed that Indonesia and The Philippines will be added to the Indices on July 1 1996. The following changes to the previously proposed constituent lists have been agreed:

The Philippines. Addition: Southeast Asia Cement Holdings (investibility weighting changed to 30 per cent). Deletion: Jollibee.

Indonesia. Addition: Telekomunikasi Indonesia (20 per cent investibility weighting).

The FT/S&P Actuaries World Indices are jointly compiled by FT-SE International, Goldman, Sachs & Co. and Standard & Poor's in conjunction with the Institute of Actuaries and the Faculty of Actuaries. NatWest Securities Limited is a co-founder.

All enquiries should be made to Steven Vale, FT-SE International, London, on 0171-448-1800, Barbara Mueller, Goldman, Sachs & Co., New York, on 212-902-6777, or Elliott Shurgin, Standard & Poor's, New York, on 212-208-8709.

Metro sees sharp gains as merger clinched

By Judy Dempsey in Berlin

Metro, Germany's large retailing, discount and cash and carry group, forecast a sharp rise in profits and sales following final agreements yesterday to merge with its independently-run subsidiaries Asko, Deutsche SB-Kauf and Kaufhof Holding.

The merger follows several months of negotiations to buy out the stakes of minority shareholders; Metro had held majority stakes in the three companies previously but the four entities were managed separately. The merger will create one of Europe's largest retailers which will concentrate on mass distribution mainly in the discount sector. It reflects a growing trend towards consolidation at a time when retailers, particularly in Germany, are fighting for market share amid weak growth in consumer spending.

Mr Erwin Conradi, manager of Metro, said the merger was not "a conglomerate". Instead, he said there would be strict decentralisation with autonomous boards responsible for managing operating divisions. However, Metro AG, the new holding company, would provide a platform for the internationalisation of activities, especially in the cash-and-carry division, one of the Metro's most successful divisions. Consolidated sales for last year totalled DM62.2bn ($42.3bn).

For the first financial year, starting last January, the new Metro AG group expects a group turnover of DM65.6bn, rising to DM70.6bn next year and to DM76.4bn in 1998. Pre-tax profits over the same period are expected to rise from DM1.1bn to DM1.6bn next year and to more than DM2.1bn in 1998. A dividend of DM2 plus a bonus of DM2 per DM5 shares will be paid out this year.

The merger, to be put before shareholders on May 24, involves an increase in nominal capital and an exchange of shares. The current nominal capital of DM288m will be increased by DM213m to DM501m. In 1997, Metro intends to increase the then existing capital through a capital increase from reserves involving a bonus issue of shares by about DM600m to DM1.1bn

The exchange of shares entails 10 Asko ordinary shares being swapped for 81 Metro AG ordinary shares with the same arrangement applying for preference shares. For Deutsche Kaufhaus, eight of its ordinary shares will be swapped for one Metro AG ordinary share, while one Kaufhof ordinary share – as well as preference shares – will be swapped for four ordinary and preference shares of Metro AG.

Lex, Page 18

Erwin Conradi: planned strict decentralisation

European coup for troubled SBC Warburg

By Nicholas Denton

The German retail merger creating Metro has given SBC Warburg a chance to show that, despite the investment bank's troubles in the UK, it is continuing to pick up significant mandates in Europe.

The Swiss Bank Corporation division is sharing the credit for advising on the DM15.8bn ($10.7bn) merger although the two German banks involved in the deal have established banking relationships with Metro group companies.

In contrast, the SBC unit has been losing UK clients taken on with the acquisition last year of S. G. Warburg, formerly the UK's leading independent investment bank. "It was not possible to service that entire UK client list," said Mr Ken Costa, chairman of SBC Warburg's investment banking board.

In the UK, the bank would aim to offer more products to fewer clients, he said. But it is also pursuing a European strategy of which the Metro deal, and others this week, were the "first fruits". "Europe is our turf," Mr Costa said. "That is the region we have marked out to show our strength."

This week it also emerged that the SBC group had advised on the acquisition by Mr Gad Rausing and his family of the half of Tetra Laval, the privately owned packaging group, that they did not own. SBC even contributed to the financing of the deal which, although details have not been disclosed, is thought to be worth about SFr7bn.

SBC Warburg took no part in the merger between the Swiss pharmaceutical companies Sandoz and Ciba-Geigy but it disclosed this week that it was acting as adviser on the disposal of businesses being hived off by them.

And next week SBC Warburg and Morgan Stanley will set price ranges and launch the international public offering of Scania, the Swedish truck maker, for which the two banks are joint global co-ordinators.

Efficiency pays as AGF advances 23% to FFr1.1bn

By Andrew Jack

Assurances Générales de France, the state-owned French insurance group, yesterday reported 1995 net income up 23 per cent to FFr1.1bn ($218m) and announced renewed efforts to improve efficiency.

Turnover rose 11.4 per cent to FFr77.4bn, which AGF said represented an increase in comparable terms and constant exchange rates of 13.1 per cent.

The board is recommending a dividend of FFr3.75 a share.

Mr Antoine Jeancourt-Galignani, chairman, said that last year marked "a turning point" for the group, including a reorganisation, tighter strategic focus and a first step towards improving profitability.

He announced the creation of a temporary group, which would be responsible for increasing productivity. He also pledged to do everything possible to achieve a return on equity of 10 per cent by 2000.

AGF has long been earmarked for privatisation, but the sale has been delayed by various concerns, including the generally poor recent performance of shares in financial services groups. The latest moves will help prepare the group ahead of the sell-off.

During the year, AGF changed its accounting policy for life assurance contracts, which provided a one-off profit of FFr2.6bn. However, that was more than offset by a series of exceptional charges, including FFr7.6bn for long-term depreciation. There was also FFr1.1bn in provisions on insurance business, FFr759m against banking operations, and FFr718m for long-term depreciation in AGF's holding company.

Mr Jeancourt-Galignani said the group's aim was to focus on markets experiencing strong growth, such as retirement and health insurance.

Cut in provisions helps lift profits 7.7% at BNP

By Andrew Jack

Banque Nationale de Paris, the French banking group, yesterday unveiled 1995 net income up 7.7 per cent at FFr1.8bn ($356m) while launching a defence of its support for the country's small business sector.

As a result of the sluggish progress of the French economy, the group reported banking revenues down 4.1 per cent at FFr87.7bn, a decline of 2.3 per cent on a comparable basis. "BNP has held up rather well in what has been a difficult year for French banks," said Mr Michel Pébereau, chairman.

The improved result partly reflected a sharp reduction in provisions, down from FFr7.3bn last year to FFr5.5bn this year. Write-downs for specific risks fell 48 per cent outside France, but – apart from property – were down just 8 per cent domestically. New provisions against loans to property developers were FFr1.7bn, against FFr2.1bn in 1994.

However, Mr Pébereau stressed that BNP's exposure to the property sector was far less a concern than lending to small and medium-sized businesses. He said total property provisions in 1993-95 totalled FFr4.5bn, while those against small businesses over the same period ran to FFr10.5bn.

His comments come in the wake of criticisms of banks' approach to lending towards small business which were voiced by President Jacques Chirac last month during a tour to east Asia.

Mr Pébereau said that BNP had operated a policy of maintaining margins rather than seeking additional market share. He said his objective for 1996 was for "progression" in all divisions of the bank.

He renewed his criticisms of the government-backed FFr135bn rescue plan for Crédit Lyonnais, the state-controlled bank, which he called "erroneous for public finances and for the creation of competitive distortions".

CLF in talks with Belgian counterpart on link-up

By Andrew Jack in Paris and Emma Tucker in Brussels

Crédit Local de France, the specialist French banking group, yesterday confirmed it was holding talks on a close co-operation with its counterpart Crédit Communal de Belgique, the second largest bank in Belgium. CLF said this could lead to an exchange of up to 50 per cent of the two banks' shares.

The move would lead to the creation of a large European financial institution focused on lending to the public sector, with combined total assets of about FFr1,000bn ($198bn).

The two banks said they were also studying ways to tighten links with Bank Nederlandsche Gemeenten in the Netherlands, which is already a shareholder in CLF. Crédit Communal de Belgique also holds a 5 per cent stake in CLF.

They stressed that for the plan to go ahead, shareholder, regulatory and executive approval would be a required in a process likely to take "many months".

CLF said the two banks believed there was "strong complementarity" between their businesses which could lead to a "European pole of development". It said the plan would require the sale through a public quotation of some of the shares in Crédit Communal de Belgique – currently owned by the country's 600 communes – and would lead to the construction of a unified group.

CLF, already the largest quoted bank in Europe specialised in lending to local authorities and the public sector, has recently been strengthening its international focus.

CORRECTION

OTE flotation

Contrary to a report in yesterday's Financial Times, CS First Boston and Schroders have not pulled out of the OTE flotation and remain advisers to the Hellenic Republic.

Siemens Nixdorf buys 10% stake in Vobis

By Paul Taylor and Michael Lindemann in Hanover

Siemens Nixdorf, the computing subsidiary of Germany's Siemens group, has acquired a 10 per cent equity stake in Vobis, another German personal computer manufacturer, as part of its strategy to grow its PC operations and cut costs through joint component purchasing.

SNI has a similar agreement with Escom, the struggling cut-price German PC maker. Earlier this month Siemens' stake in Escom was increased from 10 to 12.5 per cent after Escom announced a DM100m refinancing package following 1995 losses of DM120m ($81.6m).

Commenting on the Vobis deal, Mr Gerhard Schulmeyer, SNI's chief executive, said: "The primary motivation for this strategic move was to create opportunities for joint bulk buying and to benefit from the resulting economies of scale in the purchasing sector."

Vobis, however, said the two companies might also co-operate on assembly. Vobis last year spent DM15m to introduce a new assembly method which means it can tailor a PC to customers' needs and does not need to deliver the same products to every one of its 600 stores. The Aachen-based company said SNI was very interested in the new technique.

The equity stakes and joint purchasing initiative link Germany's three largest indigenous PC manufacturers, and are likely to heighten speculation about closer ties. Together they have annual sales of almost 2.5m units, and underline the growing importance of volume in the fiercely competitive global PC market.

The SNI stake means that Kaufhof, the German retail group, has reduced its stake in Vobis from 65 per cent to 58.5 per cent. Mr Theo Lieven and Mr Rainer Fraling, who started in the computer business as students in 1973, now hold 15.75 per cent each, down from 17.5 per cent.

The deals with both Vobis and Escom underline SNI's growing confidence and its increasing strength in both the domestic German and the European PC markets following an a restructuring programme initiated by Mr Schulmeyer at SNI.

Siemens Nixdorf moved into profit for the first time last year when it posted pre-tax profits of DM62m on sales of DM12.8bn.

Under Mr Schulmeyer, the company has adopted an international growth strategy and has become one of fastest growing European PC manufacturers – and one of few not losing money.

Mr Schulmeyer revealed yesterday that new orders rose by 10 per cent to DM5.3bn in the first five months of the company's fiscal year. Worldwide sales advanced 15 per cent to DM5.2bn. Adjusted for currency movements, new orders rose by 4 per cent and sales by 10 per cent.

Hungarian drug groups stage comeback

A spate of takeovers by western groups has helped buoy the sector, writes Virginia Marsh

Hungary's pharmaceutical industry – one of the country's most important manufacturing sectors and its top export earner for much of the 1980s – is making a strong comeback from a harsh post-communist recession.

Better than expected 1995 results at the country's two largest pharmaceutical companies, and a public takeover at a third listed drugs producer have helped fuel this year's rally on the Budapest stock exchange, where the sector accounts for around a quarter of total market capitalisation.

The BUX index has surged by more than 40 per cent since January 1, hitting an all-time high of 2,390 on March 7. At the same time, a spate of acquisitions in the sector by western pharmaceutical companies has underlined Hungary's importance as the main manufacturing and distribution centre for the industry in the former Eastern bloc.

Richter Gedeon, the largest company in the sector, which was partially privatised and floated 18 months ago, hit an all-time high above Ft5,000 in recent weeks, up from an issue price of Ft1,380 in September 1994. In its preliminary 1995 results, reported last month, it increased net sales last year by Ft8.3bn to Ft27.4bn ($192m) and made pre-tax profit of Ft7.7bn, up from Ft3.7bn in 1994.

Egis, the local market leader, has seen its stock rise steadily since December when Servier, the privately-held French pharmaceuticals company, purchased a 51 per cent stake and formed a strategic alliance with the company.

Egis' stock price was lifted further after it announced preliminary pre-tax profit of Ft4.9bn, on sales of Ft19.8bn for 1995, up from Ft2.5bn, on net sales of Ft15.3bn in 1994. It is now trading in the Ft4,500-Ft4,800 range, up from Ft3,275 before the Servier acquisition was announced.

Traditional producers – former state companies such as Richter and Egis, most of which have now been privatised – are compensating for falling domestic market share by seeking new markets in the west and by revitalising trade with their former partners in the east.

Newcomers, such as Pharmavit – the vitamin pill maker acquired by Bristol-Myers Squibb of the US for $110m last month in the country's first public takeover of a listed company – have broken into the market through a combination of clever western-style marketing and competitive pricing.

According to a recent report by Daiwa of Japan, the strength of the sector lies in its ability to produce high quality drugs at low cost - wages in Hungary remain a fraction of those in the west - and in the country's position as a marketing and distribution centre for eastern Europe, a region which offers substantial growth potential for sales of pharmaceuticals. At present, drug consumption and expenditure on healthcare in the region, – although not in Hungary – are well below western European levels.

Hungary's drugs market

	Sales* (Ft bn)	Share of local producers (%)
1990	21.8	73.7
1991	31.2	70.7
1992	36.1	62.0
1993	50.9	53.0
1994	66.7	46.6
1995	85.5	44.8

*Pharmacy and hospital drug sales, based on wholesale/producer prices Source: Pharmafelax

Domestic market share (% of sales by value)

	1994	1991
Alkaloida	5.1	4.8
Biogal	8.4	10.4
Chinoin	7.6	11.9
Egis	12.4	16.8
Human	1.1	1.8
Pharmavit	2.3	0.3
Richter	8.8	13.8
Other	3.5	4.7

Source: Daiwa, Pharmafelax

Hungary, which has a long tradition as a pharmaceutical producer, had the most important drugs industry in Comecon, the collapsed Soviet-led trading bloc. In 1989, around two thirds of the sector's production was exported, mainly to Comecon countries including the then Soviet Union where Hungarian pharmaceuticals had a 22 per cent market share.

The collapse of Comecon markets and a sharp increase in competition from western producers at home triggered the recession of the early 1990s.

Exports to eastern markets all but dried up and the domestic market share of local producers in value terms dropped from 73.7 per cent in 1990 to 53.0 per cent in 1993 and to 44.8 per cent in 1995, according to Pharmafelax, a local pharmaceutical and healthcare market research organisation.

In spite of lay-offs and restructuring prompted by the recession, Daiwa estimates the industry still accounts for around 5.5 per cent of Hungary's industrial production and 4 per cent of total exports.

Industry analysts say one of the attractions of the sector is that, although much restructuring has already taken place, there is still room for further cost savings and earnings growth.

Companies are divesting non-core businesses – some with potential environmental liability such as pesticides, agrochemicals and refuse burners – which has also made them more attractive to foreign buyers.

Privatisation has in most cases included capital increases for the companies involved, enabling them to pay off expensive debt racked up in the recession and to increase capital investment which was largely neglected in the 1980s.

With the exception of Richter, which was sold to financial investors, the leading local producers have been acquired by international pharmaceutical companies. Sanofi of France holds a majority stake in Chinoin, the most prominent local pharmaceutical company in developed countries, while Novopharm of Canada last year increased its stake in Human, a serum and vaccine specialist, to 53 per cent.

Also last year, Teva Pharmaceuticals of Israel paid $26m for 78 per cent of Biogal, the country's main producer of antibiotics. Human is listed on the BSE, while Biogal, Chinoin and Alkaloida, the last large producer still in state hands, trade over the counter.

The takeovers have taken place against a backdrop of reviving Hungarian trade with the east, and both Servier and Bristol-Myers Squibb have said they intend to use their local acquisitions to spearhead their expansion into the region.

Hungary's exports to the former Soviet bloc rose 24 per cent last year as pharmaceutical companies and other exporters cashed in on the region's economic recovery and a 28 per cent devaluation of the forint, reversing years of real appreciation.

Richter Gedeon, for example, increased sales to former Soviet states by 13.8 per cent in dollar terms to $60.9m and to eastern Europe by 1.9 per cent to $31.6m.

AssiDomän doubles profits to SKr4.35bn

By Christopher Brown-Humes in Stockholm

AssiDomän, the Swedish pulp and paper group, more than doubled profits from SKr2.07bn to SKr4.35bn ($641m) in 1995, continuing an excellent reporting season for the big Nordic forestry groups.

It said the upturn was driven by higher prices and volumes for most products. But market conditions worsened in the second half and the fourth-quarter profit of SKr937m was the weakest of the year.

Pulp prices have fallen sharply since last October and prices for many paper products have weakened.

The result was slightly below expectations, but the group's shares jumped SKr4.5 to SKr152. Swedish forestry shares have surged 5 per cent this week and 14 per cent this year. "The market feels that cyclical stocks are the ones to be in, and the forestry sector is benefiting from that," said Mr Peter Mansson, forestry analyst with ABB Aros Securities in Stockholm.

Higher prices, increased volumes and acquisitions helped lift gross revenues by 27 per cent to SKr21.8bn. Operating profits jumped 97 per cent from SKr2.28bn to SKr4.47bn.

The sharpest improvement was in kraft products, where profits rose from SKr249m to SKr1.18bn. Packaging profits climbed 134 per cent from SKr481m to SKr1.12bn.

Mr Lennart Ahlgren, chief executive, said prices for sack paper were 5 per cent higher than last year's levels, in contrast to most other paper grades where prices are lower.

He also said Assi planned to invest SKr100m in a new corrugated board plant near St Petersburg in Russia in a further expansion of its activities in eastern Europe.

Assi owns 39 per cent of Sepap, the biggest Czech pulp and paper group. It recently settled a dispute with Sepap's other main shareholder, the Bahamian investment company Stratton.

The dividend is raised from SKr3.25 per share to SKr5.

EUROPEAN NEWS DIGEST

Noble set to buy Nedlloyd arm

Nedlloyd, the Dutch transport group, plans to sell Neddrill, its offshore drilling subsidiary, to Noble Drilling Corp of the US for $300m in cash plus 5m Noble shares. Noble's shares trade at between $9 and $10 on the Nasdaq exchange in New York, meaning the total value of the deal to Nedlloyd is around $350m. The transaction, which includes Neddrill's various assets as well as its working capital of $25m, is still dependent on several factors, including the successful completion of due diligence work and Noble's ability to arrange financing.

The Rotterdam-based company, which issued two profit warnings in late 1995, said the deal met its earlier declared aim of finding a strong strategic partner for Neddrill so that it could increase economies of scale and prepare for the 21st century. It described Noble, based in Houston, as the preferred partner of Neddrill's management and staff. Neddrill owns and operates drilling units for oil and gas production. It is active in the North Sea and in the deep water market off the coast of Brazil.

The subsidiary is the main component of the group's "Neddrill and other activities" sector, which generated Fl 17m ($10.3m) in operating profit in the first nine months of 1995, on turnover of Fl 182m. By contrast, Nedlloyd's ocean-going shipping, which had nine-month turnover of Fl 2.3bn, posted operating profit of only Fl 39m, while European road haulage produced Fl 48m in operating profit on sales of Fl 2.6bn.

Ronald van de Krol, Amsterdam.

East Asiatic Company rises

The East Asiatic Company, the Danish trading and food group, increased group net profits from DKr230m to DKr338m ($59.4m), although profits after net financial items slipped from DKr319m to DKr216m. The board recommended that no dividend be paid for the fourth successive year. The group, with 63 per cent of its turnover in eastern Asia, increased sales from DKr12.45bn to DKr14.42bn, primarily as a result of an increase of sales under licence arrangements of branded consumer products and graphics industry equipment in Asia.

The group's wool trading business and its Plumrose slaughterhouse and meat processing business in Germany made substantial losses. A DKr300m charge was made to cover the cost of selling a loss-making slaughterhouse at Britz, near Berlin, before the end of this year. EAC will concentrate its activities in three core areas, trading in fast-moving consumer goods in Asia, graphics industry equipment in Asia, northern Europe and Africa, and food production in Venezuela.

Hilary Barnes, Copenhagen

E-Plus warns on phone licence

E-Plus, Germany's third digital mobile phone network, yesterday warned Mr Wolfgang Bötsch, the minister for post and telecoms, not to issue a fourth mobile phone licence in Germany before 1997 when E-Plus's four-year period of grace runs out.

The company, in which the Veba and Thyssen industrial groups each hold 28.5 per cent, also said it was unfair that a fourth mobile operator should have to cover only 75 per cent of Germany and not 98 per cent as E-Plus had been required to do. Front-runner for the fourth mobile licence is a consortium made up of RWE and Viag, the two German energy-based conglomerates, and British Telecommunications. E-Plus said the German market was big enough to accommodate a fifth mobile licence but "when it comes to future licencing [of operators] we just want equality of chances and fairness". The company estimated there would be 12.5m mobile phone users in Germany by 2000.

Michael Lindemann, Hanover

INTERNATIONAL COMPANIES AND FINANCE

Germany's new issues hit record form

Investors have put DM8bn into the market, writes Andrew Fisher

Germany's new issue market finally sprang to life again last year. With a record volume of transactions by companies selling shares to the public for the first time, bankers and investors hope the disappointing results of the past have been finally laid to rest.

Domestic and foreign investors sank more than DM8bn ($5.4bn) into 20 new share offerings, more than in the previous three years combined. Headed by Merck pharmaceuticals and Adidas sports goods, this performance put the market in good heart for this year's mammoth Deutsche Telekom sale which will be scrutinised around the world.

Thus, says Mr Heinz Steffen, senior analyst at Schröder Münchmeyer Hengst (SMH), the Frankfurt bank, "1996 promises to be the most interesting year in the history of the German [initial public offering] market". Much will depend on how the Telekom issue fares. "The shares must be favourably priced if it is to succeed."

Yet although Telekom will lift Germany's IPO volume to new heights, the underlying flow of deals is still far more limited than in the US or UK. Last year's experience does show, though, that companies and issuing banks have learnt important lessons from previous failures. Adidas's IPO success has prompted the rival Puma company – whose shares soared and then flopped when issued in 1986 – to promise more stock to outside investors when Proventus, its Swedish-owned parent, reduces its stake below 50 per cent.

Mr Rolf Michael Betz, an investment banking executive at DG Bank, is gratified by "the healthy mixture of smaller companies, buy-outs, spin-offs and larger companies" in the 1995 IPO list. "It reflects basic changes in the economy as companies restructure and sell off peripheral activities to concentrate on key strengths," he says.

He foresees further IPOs along the lines of SGL Carbon. This revamped carbon and graphite subsidiary of the Hoechst chemical concern raised DM310m, later returning to the market for a further DM430m when trading conditions improved. Even larger, at DM911m, was the issue by SKW Trostberg, the chemicals subsidiary of Viag, the energy-based conglomerate.

But it was the Merck and Adidas issues which really captured investors' imaginations. Merck raised a record DM2.4bn, with subscribers to the issue in Germany and abroad applying for as much as DM10bn worth of shares. That could be a healthy portent for November's planned Telekom issue of about DM15bn.

Much of last year's lively IPO activity clearly reflected a desire by some companies to come to the market before state-owned Telekom crossed the horizon. The deals ranged from virtually unknown companies to big international transactions. In 1994, new issues totalled only DM1.2bn, the previous record being the DM4.6bn of 1986.

So far this year few candidates have emerged, the main one being Pro Sieben, the commercial television company which could raise around DM1bn. But Mr Betz is optimistic. "I think we'll see a few more emerging which no one expects today," he says. The size of the German economy, with its myriad specialised *Mittelstand* (medium-sized) companies certainly offers plenty of scope.

Much remains to be done, though. While one bugbear of the past seems to have been overcome – over-pricing to maximise proceeds for issuers, leaving shareholders in second place – the German market remains underdeveloped. Many domestic institutional and retail investors are less than enthusiastic equity buyers and trading also still tends to be dominated by a few industrial and banking blue chips.

Deutsche Börse, which runs the Frankfurt stock exchange, is trying to change that. Mr Reto Francioni, a director, cites its plans to make the market for smaller stocks more transparent and liquid. Recently it set up the MDax index of medium-capitalised issues alongside the Dax, which tracks the main stocks. "Smaller and medium-sized companies have got to be able to raise money more easily on the bourse," Mr Francioni says. "There are thousands of successful companies in Germany that have not yet been financed in this way."

But companies, banks and institutions have to play their part, too. Mr Robert Koehler, chairman of SGL Carbon, has strong feelings about German institutional investors.

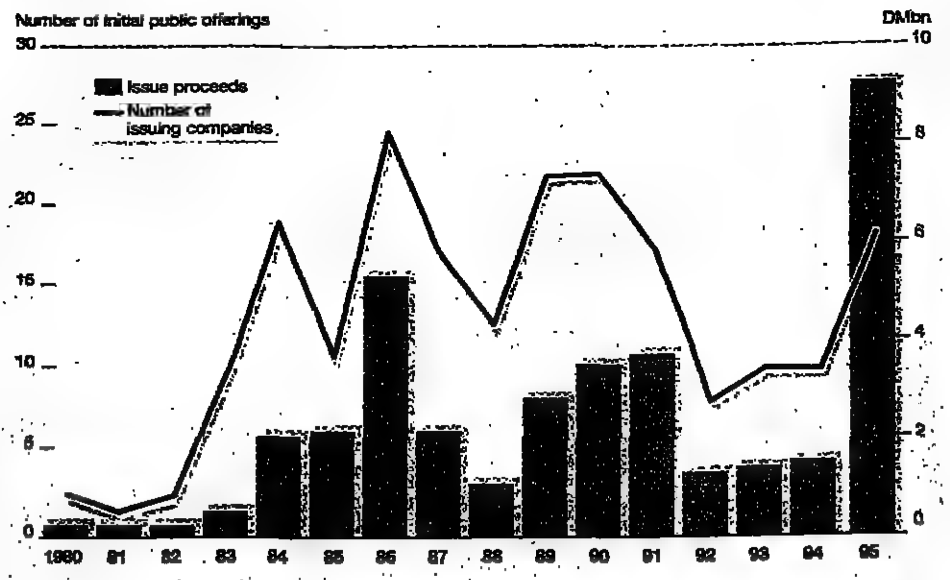
"German banks and big German insurers do relatively little, in my view, to promote the equity culture," he says. Compared with US and other European investors, those in Germany had a "certain aversion" to getting to grips with a company's strategy and market outlook. Whereas Germans asked about dividend policy, US investors probed more deeply. Mr Koehler recommends that companies bring themselves aggressively to the attention of German institutions when making new issues.

Smaller companies also have difficulties. Mr Willi Merkel, head of eff-eff Fritz Fuss which makes security systems, bemoans the fact that investment funds from Germany showed little interest in the company, which raised DM101m last year. However, several UK funds specialising in smaller stocks visited its offices in southern Germany. For domestic funds, "it would be nearer from Frankfurt, but the road seems longer".

Despite such problems, Mr Betz says "there is definite movement." Germans may not be heavy buyers of shares, but habits are changing. The wide use of the book-building process in issues with an international scope has made price-setting much more realistic. Thus, in contrast to previous years, most shares performed well after the IPO period.

"Foreign investors see the German market as having come of age," says Mr Rudolf Rhein, an IPO executive at Deutsche Bank, referring to the larger size of recent offerings and the range of investor interest. But both foreign and domestic investors will watch Telekom's progress closely. If the issue goes well, 1997 could see a further crop of IPOs to stimulate Germany's slowly evolving equity culture.

German new issues



Source: Schröder Münchmeyer Hengst

Strong demand in Europe helps lift Daf by 34%

By Haig Simonian,
Motor Industry Correspondent

Daf Trucks, the Netherlands-based group rescued from bankruptcy in 1993, raised net profits 34 per cent to Fl 163.8m ($99.8m) in 1995.

Buoyed by strong demand across most of Europe, the company predicted a further improvement in profits and sales this year in spite of a sharp rise in spending on new products, dealers and information systems.

Turnover rose 27 per cent to Fl 12.89bn, while output at Daf's two plants soared more than 48 per cent to 18,656 units. The company based its optimism partly on a strong order book and sales in the first two months of this year, which led it to expect that annual output would rise to 19,000 units.

In spite of warnings from truckmakers that demand in Europe could soften, Daf forecast the market for lorries above 6 tonnes would rise by more than 5 per cent to about 265,000 units this year. However, it said sales of heavier trucks weighing more than 15 tonnes would only grow by about 4 per cent to 179,000 units.

Investments to improve productivity were reflected in an increase in capital expenditure, almost double at nearly Fl 170m last year. The bulk of this went on factory improvements, which "helped increase the number of trucks built per employee to 3.6 last year, from 3 in 1994.

Total sales (including vehicles built for Daf by Leyland Trucks in the UK), rose nearly 22 per cent to 25,701. That helped the company increase its European market share for trucks of more than 6 tonnes to 8.6 per cent, from 7.4 per cent in 1994, while its share of trucks weighing more than 15 tonnes rose to 8.8 per cent from 7.8 per cent.

Daf attributed its bullish outlook for the current year partly on strong sales of the new Leyland-built Daf 55 in the important 11-15 tonne range.

Benetton shares hit by SME bid plans

By Andrew Hill
in Milan

Controlling shareholders' plans to bid L286bn ($183m) for the rest of SME, the privatised Italian supermarket group, yesterday provoked a flurry of activity in the stock of SME and of Benetton, the clothing group.

SME's largest shareholder is Edizione, the private Benetton family holding company which controls the clothing group, and Benetton stock was hit partly by foreign investors' worries that the family might require new finance for the SME bid.

Benetton said the SME offer was a matter for Edizione and would have no impact on the quoted group's financial position and future strategy.

The company also played down investors' worries about the likely outcome of Dutch litigation with Bulova, the watchmaker, later this month.

Benetton shares fell L935 to close at L15,885, while SME stock rose L105 to L1,705 which compares with the bid price of L1,750 a share.

Edizione's fellow shareholders in SME are Leonardo Finanziaria, the private holding company of the Del Vecchio family, which controls the New York-quoted Luxottica spectacles company, and Mövenpick, the Swiss hotel and restaurant group.

Since late 1994, when the purchase of the SME majority from Iri, the Italian state holding company, was nearing completion, both Benetton and Luxottica have been careful to differentiate between the strategy of the quoted companies and the family investments.

The Italo-Swiss consortium controls 60 per cent of SME through a private holding company, Schema 21. Schema 21 said late on Wednesday that it needed to "shorten the chain of companies" linked to the operating group, in preparation for increased competition in the Italian retail market.

Schema 21 will bid for 36 per cent of SME, which operates through the GS and Euromercato supermarkets, financing the deal with "new funds from the shareholders, and bank debt".

Some 15 per cent of SME is still owned by Iri, and a further 4 per cent by Schema 21's ally, the San Paolo di Torino banking group.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 15.03.96: Pool purchase price £/MWh	Post Prices for Trading on 15.03.96: Pool purchase price £/MWh	Pool selling price £/MWh
0030	9.28	12.11	13.15
0100	10.32	12.11	13.15
0130	13.57	18.80	19.96
0200	13.88	18.80	19.96
0230	13.88	18.80	19.36
0300	13.88	18.80	19.96
0330	13.88	18.80	19.96
0400	9.82	18.80	19.96
0430	9.28	12.11	13.15
0500	9.28	12.11	13.15
0530	9.76	12.05	13.11
0600	9.74	12.56	13.61
0630	9.75	12.56	13.61
0700	10.49	15.18	16.28
0730	16.59	15.64	16.75
0800	17.64	15.86	17.01
0830	20.57	17.42	18.67
0900	24.51	23.66	24.95
0930	27.74	41.91	43.38
1000	28.25	42.08	43.79
1030	26.82	31.09	32.54
1100	25.70	23.79	25.22
1130	25.20	23.72	25.15
1200	24.15	23.82	25.26
1230	21.24	23.50	24.88
1300	18.64	21.64	22.93
1330	16.98	16.45	17.61
1400	15.06	16.26	17.39
1430	14.25	15.33	16.42
1500	10.62	15.31	16.40
1530	10.38	15.30	16.39
1600	10.58	15.17	16.25
1630	14.50	15.22	[illegible]
1700	15.83	16.18	17.51
1730	16.85	31.41	34.41
1800	17.69	45.28	49.45
1830	27.40	55.68	59.87
1900	[illegible]	50.50	53.84
1930	34.18	35.63	37.52
2000	24.35	24.56	25.80
2030	16.20	21.87	22.96
2100	13.37	21.78	22.84
2130	12.86	21.77	22.83
2200	12.84	21.77	22.83
2230	9.29	21.77	22.83
2300	8.73	9.11	9.11
2330	8.73	9.10	9.10
2400	8.71	9.09	9.09

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £14.66/MWh becomes 1.466p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 6789 between 9.30am and 5.15pm Monday to Friday.
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Posco moves to pre-empt challenge from Hyundai

The world's most profitable steel producer faces competition from its biggest customer, reports **John Burton**

Chung Mong-koo: vowed to press ahead with $10bn steel project

At its annual shareholders' meeting today, South Korea's Pohang Iron & Steel (Posco) will formally announce record earnings for 1995.

But Posco's status as the world's most profitable steel producer could be under threat as the Hyundai industrial group, its biggest customer, seeks to build its own blast furnace.

Mr Chung Mong-koo, the new Hyundai chairman, recently vowed to press ahead with the $10bn steel project as a new growth sector, along with aerospace, telecommunications and financial services, for Korea's second largest conglomerate.

Government officials and industry analysts worry that Hyundai's action could result in a steel production glut in Korea after 2000 and lead to a damaging price war.

One main reason for Posco's 119 per cent increase to a record net profit of Won840bn ($1.07bn) for 1995 is that steel supply and demand is carefully balanced in Korea.

Posco, which is Korea's only integrated steel company, is operating at full capacity since the nation's crude steel production still falls short of demand by almost 10m tonnes.

The state-controlled company is the prime source of steel for the country's expanding car, shipbuilding and electronics industries. Exports accounted for only a quarter of Posco's sales of Won8,220bn last year.

Moreover, foreign exporters normally have difficulty competing with Posco in the Korean market because transport costs and import tariffs make their products more expensive.

The balanced market conditions have helped the government establish a stable pricing policy on steel that protects Posco against cyclical downturns in the global steel industry.

"Domestic steel prices in Korea do not necessarily move directly with international prices or domestic supply and demand due to government price controls," according to Mr Park Joon-mo, of BZW Securities in Seoul.

Domestic prices for Posco steel were above international prices in the early 1990s, although they have now fallen below export prices due to the price controls.

Nonetheless, Posco has been able to maintain healthy profit margins because of extremely efficient production. In 1992, it opened a fully automated state-of-the-art steel complex at Kwangyang in southern Korea to complement its original facility at Pohang. Much of the equipment at Kwangyang was purchased at bargain prices as Posco took advantage of a recession among European suppliers.

The Kwangyang works boast the highest labour productivity of any steel mill in the world, at 1.9 man-hours a tonne of crude steel produced compared with 3 hours a tonne at other big steel mills abroad.

BZW Securities estimates that, at $241 a tonne, Posco's manufacturing costs for hot-rolled coil steel are 30 per cent lower than Nucor of the US, one of the world's lowest cost producers.

However, Hyundai's steel project could upset the special conditions that have enabled Posco to report profits for the past 23 years.

Hyundai wants to include steel production in its sprawling industrial empire since it is already the country's largest steel consumer through its car and shipbuilding operations.

It wants to construct a steel mill by 1999 that would produce up to 9m tonnes annually, with 5m tonnes consumed by Hyundai subsidiaries and the remainder sold to other Korean companies or exported to Asian markets.

Hyundai predicts that there will be a domestic steel shortage of 10m tonnes after 2000, which would support sales. The government, however, believes the shortfall will amount to 5m tonnes, with the added capacity provided by Hyundai consequently resulting in excess capacity.

Posco has responded to Hyundai's challenge by trying to pre-empt it. Posco is expanding its current production capacity of 23m tonnes to 28m tonnes by 1998, which will make it the world's largest steelmaker. It is also setting up joint ventures in Vietnam and China that could deprive Hyundai of potential export markets.

The state-affiliated Korea Development Institute, which supports market reforms, is urging the government to allow more competition in the steel industry, including breaking up or privatising Posco. But officials are unlikely to heed such recommendations.

Instead, the government might try to stop the Hyundai project by refusing to issue licences for property purchases, mill construction or the import of steelmaking technology.

Some analysts predict that Hyundai may decide to wait for official approval of the steel project until early 1998, when a new administration is scheduled to take office.

But Hyundai's steel project may be impractical by then, according to BZW's Mr Park. Not only would Posco have time to strengthen further its dominant position in the Korean steel industry, but Hyundai's per-tonne construction cost would be double that of Posco.

Increased fuel costs behind 35% decline at Napocor

By Edward Luce in Manila

The National Power Corporation (Napocor), the Philippines' largest state-owned company which is due to be privatised in the next 12 months, saw net profits tumble 35 per cent to 3.9bn pesos ($149m) last year as a result of higher fuel prices and lower subsidies.

The company, which – with net assets valued at 150bn pesos – will be the largest privatisation in Philippine history, said the depreciation of the peso last year had increased its import bill for fuel and pushed up the cost of servicing its yen and dollar-denominated debt.

Operating income (net profits before interest and related charges) reached Napocor's target of 11.6bn pesos in 1995 while operating costs were shaved from 80 per cent to 78 per cent of net revenue.

The company, which is to issue $300m in debt on the international markets later this year, said that rate restructuring and the elimination of government subsidies would be completed this year in advance of the privatisation.

Napocor is the most prolific Philippine company on the international debt markets. Last year it issued a 20-year bond in Tokyo worth Y12bn, the longest maturity bond in Philippine history.

"We are not worried about the drop in net income," said Mr Rauf Tan, chief operating officer. "Napocor is undergoing restructuring at the moment to prepare it for sell-off, and the depreciation of the peso is something we cannot control."

Mr Tan added that a gain of 1.4bn pesos from the currency's appreciation in 1994 demonstrated how exchange rate fluctuation could also inflate net profits.

Mr Guido Delgado, chief executive, said an evaluation of how to unbundle Napocor into separate entities for privatisation next year was being led by a consortium of foreign companies including Merrill Lynch, the US investment bank, and N.M. Rothschild, which advised the UK government on power privatisation in the 1980s.

The final blueprint on the break-up of Napocor, which will conduct its IPO domestically and abroad, had not yet been drawn up, but the company was likely to be separated into generating and transmission companies.

It was not clear whether generation would be split up along sectoral or geographical lines.

"All we can say for sure is that Napocor will be sold off and Philippine power rates will move to a market driven system," Mr Delgado said. "The government also intends to use the sell-off as a device to spread and popularise share ownership."

Board manoeuvres buffet HK aviation

News that two Citic directors have resigned from Cathay Pacific is evidence of the power game in the sector, reports **John Ridding**

In the subtle dealings between Hong Kong's biggest business groups, there is often more to events than meets the eye. Thus Wednesday's news that both the chairman and managing director of Citic Pacific, the Hong Kong arm of Beijing's main investment vehicle, are to resign their posts as non-executive directors of Cathay Pacific, suggested more significant shifts than indicated by the short accompanying statement.

Their departure marks the latest twist in the high-stakes manoeuvring over the future of aviation in Hong Kong, one of the most sensitive sectors ahead of next year's handover to Chinese sovereignty. It also raises questions about the relationship between Citic, Swire Pacific (the conglomerate that controls Cathay Pacific) and CNAC, the airline arm of China's Civil Aviation Authority, which is seeking to establish an operation in Hong Kong.

Cathay said the departure of Mr Larry Yung, chairman of Citic Pacific, and Mr Henry Fan, managing director, did not affect Citic's business ties with the airline or with Swire. "The relationship is solid at all levels," said a Cathay official, citing the replacement of Messrs Yung and Fan by two other Citic executives, the maintenance of Citic's 10 per cent stake in Cathay, and business partnerships from bottling in China to property development in Kowloon.

The tone of the joint communiqué issued by Mr Peter Sutch, Cathay chairman, and Mr Yung was warm. The Citic chief, who last year left the board of Hongkong Telecom, explained his resignation in terms of the need to concentrate more on Citic's strategic development.

But on the aviation front at least, industry observers were not so sanguine. "Larry in particular was a heavy hitter in Beijing," said one aviation consultant, referring to Mr Yung's connections and the fact that his father is China's vice-president. "He joined the Cathay board with a lot of fanfare and the move was seen as a strategic step in securing Cathay's interests with China. So this has got to be seen as a blow."

One securities analyst said that the move by Mr Yung and Mr Fan, which followed a reduction in Citic's Cathay stake from 12 per cent to 10 per cent last year, is evidence of a distancing in the relationship between the two companies. "There also seems to have been some weakening in Citic's standing in Beijing," he said. "Either way, this isn't good news for Cathay."

Larry Yung: described as a heavy hitter in Beijing

Such shifts matter because of the power game developing in Hong Kong aviation. CNAC carries clout in Beijing because of its position as a CAAC subsidiary and is making a determined push to establish itself in the colony. "They seem to be making progress on their licence application," said Mr Kaushik Shridharani, airline analyst at UBS Securities.

This worries Cathay, mainly because of CNAC's ties with the Chinese aviation authority. "How can you be player and referee at the same time?" asks Mr Rod Eddington, Cathay managing director. The fear is new routes could be awarded to a China-backed rival.

In the short term, it is Dragon Air which is likely to bear the brunt of a CNAC licence. The carrier, which has grown rapidly and which is jointly controlled by Cathay and Citic, operates on routes into China and to some regional destinations. It would be the first to confront an emerging CNAC service.

The boardroom manoeuvres at Cathay suggest Citic is signalling its priority lies with Dragon Air, and may be seeking to establish itself as the Chinese player in Hong Kong aviation. This would intensify its rivalry with CNAC, raising the stakes in the contest between the mainland groups. Amid these manoeuvrings, only one thing is clear: the sector is set for a bumpy ride.

Liberty Life ahead 58% on accounting changes

By Mark Ashurst in Johannesburg

Liberty Life, South Africa's largest listed life assurer, has announced a 58 per cent increase to R1.204bn ($308m) in net taxed surplus attributable to shareholders after amending its accounts to include the surplus on its life insurance operations.

The adoption of more transparent accounting procedures boosted earnings per share by an exceptional 54.2 per cent to 498.4 cents for calendar 1995. The dividend increased 25.5 per cent to the cash equivalent of 256 cents a share.

Mr Donny Gordon, chairman, said the 17 per cent tax on interest income on pension funds imposed in Wednesday's government budget was unlikely to bring a change in investment strategy or further forays into the equity markets. Liberty Life has a strong portfolio of tightly held South African industrial stocks.

The improved earnings reflected "an enormous appreciation in Liberty Life's strategic investments", but Mr Gordon warned the increase in net taxed surplus was "not expected to recur". He forecast greater variation in future results "because volatility will no longer be taken inside the reserves of the life fund".

Analysts welcomed the improved disclosure, which they said heralded "a change of mindset", but were unsurprised by the value of the surplus. "The trading p/e ratio is down to about 24, from as high as 35 in the past. We are looking at a forward p/e of less than 20 per cent," said one.

Total income for the period rose 34.3 per cent from R10.4bn to R13.9bn, due largely to a R2bn increase in unrealised investment surpluses to R3.5bn. Total assets increased by 21 per cent from R57.6bn to R69.8bn, and bonuses paid to policyholders rose to R4.3bn from R3.2bn. New business at Liberty Life and Charter Life, its wholly owned subsidiary, had reached a record R4bn during financial 1995.

Transatlantic Holdings, the international properties group with a UK capital base of £1.7bn ($2.58bn), had disposed of its 50 per cent interest in Sun Life for £527m, and had been renamed Liberty International Holdings and had expanded operations to include financial services.

AMERICAS NEWS DIGEST

AT&T's WorldNet service goes live

AT&T's new Internet access service, WorldNet, went live yesterday, with more than 212,000 customers signed up, lifting it to the top ranks of the world's largest direct access Internet services.

AT&T said it had received orders for the service at a rate of one every four seconds since it announced WorldNet at the end of February. The telecommunications company is offering 12 months free service to its 90m US telephone customers if they sign up before the end of this year. AT&T is sending software to new customers in phases, to ensure the system does not get overloaded. "We're adding customers as fast as we can while preserving quality of service," said Mr Tom Evslin, vice-president of AT&T WorldNet.

AT&T said last week that WorldNet customers would be able to access America Online, the leading online information service, at reduced cost. *Louise Kehoe, San Francisco*

Chilean oil company ahead

Empresa Nacional del Petroleo (Enap), Chile's state oil company, lifted net profits from $101.2m in 1994 to $116.6m last year. The profits included $43m from the central division, also known as Enap, which operates wells in the far southern Straits of Magellan.

Profits of the Petrox refinery unit were $31.2m, while the international unit Sipetrol posted earnings of $24.6m. Enap's two other divisions' earnings totalled $18m.

The company produced 1.3m cu m of crude oil last year, of which 605,000 cu m came from its Magallanes division.

Sipetrol, which also operates in Argentina, produced 707,000 cu m of crude oil in 1995. *Reuter, Santiago*

Slow going for Apple Computer

Apple Computer is unlikely to match 1995's profit in the coming year, according to Mr Gilbert Amelio, chief executive and chairman.

At a news conference, Mr Amelio said "We aren't likely to do as well this year as in the last [year]."

Apple earlier reported a $69m net loss in the first quarter of 1996 and has predicted a lower profit in the second quarter. *AFX News, Hanover*

Corimon share trade halted

Venezuela's National Shares Commission (CNV) again suspended trading of troubled paints and packaging company Corimon on local stock exchanges for a further 30 days, according to a copy of Official Gazette.

The CNV said the stock was suspended again because the company failed to present comparable financial accounts for the last quarter of 1995 and for failing to meet its commitments to commercial paper holders. The CNV first suspended Corimon shares for 30 days on February 13.

The company recently announced losses of 34.71bn bolivars ($11.9m) for the nine months ended December 31, 1995, against a 741m bolivar loss for the corresponding period in 1994. *Reuter, Caracas*

Phelps Dodge in Peruvian deal

Peruvian mining firm Cia Minera Milpo has signed an agreement with US-based Phelps Dodge to develop its Cerro Lindo copper deposit in southern Peru.

Phelps Dodge, the largest copper producer in the US, and Milpo also are partners in the exploration of the Chapi copper project in the southern Andes. Milpo produces mostly lead and zinc at its underground mine in the central Andes and owns the mining rights to thousands of hectares across Peru. Its shares are considered a blue chip on the Lima exchange. *Reuter, Lima*

General Mills earnings soar

General Mills, the US food group, bounced back from its restructuring a year earlier with a big increase in third-quarter net profits from $20.2m to $116.3m, leaving aside discontinued restaurant operations. Sales from continuing operations rose from $1.22bn to $1.31bn.

Mr Steven Sanger, chairman and chief executive, said the results were driven by strong performances across the US domestic businesses, including 6 per cent volume growth, strong profit gains by Big G cereals, Betty Crocker mixes and Gold Medal, and a profit recovery in snacks. Outside the US, General Mills had volume growth of 8 per cent. *Richard Tomkins, New York*

PepsiCo in advertising record

PepsiCo, the US soft drink manufacturer, is to spend almost £2m ($3.05m) making a TV advertisement to launch new-look blue cans for its Pepsi, Diet Pepsi and Pepsi Max drinks, according to Marketing, the UK trade magazine. The report claims the ad, for a campaign which will run internationally, sets a record for spending on a single commercial. *Diane Summers, Marketing Correspondent*

Seagram registers fourth-quarter decline

By Tony Jackson in New York

Seagram, the drinks and entertainment group, saw an 8 per cent drop in operating profits to $234m in the fourth quarter, in spite of a 65 per cent rise in revenues to $3.7bn. It also warned of lower cash flow in the period to end-June this year.

In the latest quarter, comparisons were affected by the acquisitions of MCA, the film and music group, and Dole fruit juice.

On a like-for-like basis, MCA's cash flow was down 18 per cent at $133m. Seagram said this was due to an exceptionally strong performance in music in the previous year, and to heavy investment in contracts with new artists and joint ventures.

The downturn in music was partly offset by strong results in films. Recent releases from MCA include *Apollo 13*, *Casper* and *Babe*. *Waterworld*, the enormously expensive epic being completed at the time of the MCA purchase, had done well at the box office, Seagram said, while the cost over-runs had been written off in the previous quarter.

The wines and spirits business suffered a 16 per cent drop in cash flow to $223m, on sales down 6 per cent at $1.8bn. This was due to continued poor trading in Europe, particularly Germany, Spain and Portugal, partly offset by strong results from Asia-Pacific.

Mr Robert Matschulatt, chief financial officer, said: "Europe was weak in wines and spirits all year, but I don't think anybody knew just how weak it was going to be. We do expect results to get better now.

"The fourth quarter was the bottom, though we don't know exactly when it'll come back or how strongly."

In fruit juices and mixers, cash flow was up 40 per cent at $56m on sales up 32 per cent at $515m.

Besides the effect of the Dole acquisition, there was a 22 per cent increase in sales of Tropicana fruit juice.

There had been heavy investment in expanding the business outside the US, which was expected to pay off in the current year.

Seagram is to change its year end from end-January to end-June. It warned that cash flow on a like-for-like basis was likely to be down in the five-month period, as a result of continued tough trading in European drinks and further heavy investment in MCA.

Mr Matschulatt said that for the full year starting in June, the wines and spirits division would produce improved results due to the restructuring programme announced last November at a cost of $290m.

● Seagram plans to cut about 140 jobs out of a total of 1,400 in its champagne, cognac and distribution businesses in France, according to unions, reports AFX News in Paris.

Some 60 jobs will be lost at its Mumm and Perrier-Jouet champagne units, about 65 at Martell cognac and 15 at its Seagram France distribution unit by 1998, the sources said.

Profits slip at Dayton Hudson

By Richard Tomkins in New York

Dayton Hudson, the fourth-biggest US retailer, joined other US store groups in reporting a poor fourth quarter with net profits slipping from $279m to $228m.

However, it said cost-cutting and better gross margins should help it towards "significantly higher" profits this year.

The company's forecast added to a ripple of cautious optimism in the stock market about the prospects of a retailing recovery. Dayton Hudson shares rose $2⅝ to $82¼ in early trading, Wal-Mart Stores improved $⅜ at $23⅝, and Kmart shares were up $⅛ at $9⅝.

Dayton Hudson has 670 Target discount warehouses, 295 Mervyn's stores and 64 traditional department stores. Its Target chain competes with the Wal-Mart and Kmart discount warehouses.

The retailer's full-year profits fell from $434m to $311m in what Mr Bob Ulrich, chairman and chief executive, described as "a difficult year". All three of the company's store chains were hit.

Mr Ulrich said the current year would show an improvement because the company had identified cost savings worth $170m.

Buy-back plan gives Monsanto shares a fillip

By Maggie Urry in New York

Shares in Monsanto, the US chemicals group, jumped yesterday as the company announced a series of moves intended to improve shareholder value.

In morning trading the share price rose $7⅛, or 5 per cent, to $152⅛.

It said it would resume a share buy-back plan and aimed to buy up to 8m shares. That would reduce the number of shares in issue by 7 per cent, and at yesterday's share price would cost more than $1.2bn.

The group, which has been shifting towards being an agricultural biotechnology company under a new management team, will ask shareholders to authorise the issue of up to 850m shares, compared with the current 118m outstanding.

This would allow Monsanto "to react quickly to opportunities", the group said, or to permit a large stock split which would reduce the heavy share price.

Further, the company revamped its compensation and stock option schemes to increase incentives across the company.

Senior management would be given stock options which could only be triggered at increasing share prices, with targets tentatively set at $150, $175, $200 and $225, with 80 per cent of the options tied to the three higher prices.

Senior managers would also be encouraged to borrow from the company to buy "a substantial amount of stock", the group said.

They would only benefit if the company performed better than the average of the S&P Industrials over the next four years.

Mr Robert Shapiro, chairman and chief executive, said this would mean managers "putting a significant sum of personal money on the line alongside the substantial investment share owners have made".

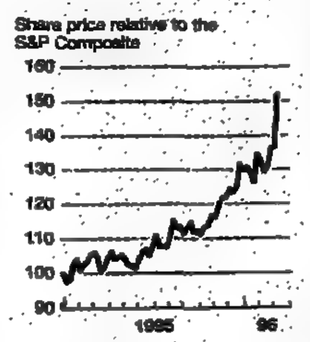
They would share in the downside risk as well as any gains in the share price.

Options would also be granted to 27,000 employees who do not have them at present.

A new system of measuring the group's financial performance was also being introduced, with the intention that decisions would be taken with the focus of increasing share owner wealth.

● Sears, Roebuck, the US retailer, said it would buy back up to 10m shares, or about 3.6 per cent of its outstanding common stock, over the next two years, Reuter reports from Illinois. The shares would be used for stock-based company incentive programmes.

Monsanto



Source: FT Extel

Travelers broadens its horizons in financial services

Sandy Weill, who seems to relish his role as the outsider in US finance, talks to **Richard Waters**

The lunchtime bustle makes the precincts of Smith Barney feel more like a railway station than a stockbroking firm. Step outside, into the decaying streets of this unfashionable corner of New York's Tribeca district, and it feels even less like the home of one of the most powerful financial businesses in the US. The twin towers of the World Trade Center loom some distance away, above the crumbling facades of old warehouses and low-rise tenements.

Mr Sandy Weill, whose Travelers group owns Smith Barney, seems to relish his role as the outsider in US finance. A decade after quitting as president of American Express, he has built, from scratch, a financial group whose $22bn market value now equals that of his former employer. Rejected by the conservative east coast establishment types who once ran American Express, Mr Weill has used savvy deal-making skills and a prodigious drive to create a financial empire of his own.

With a nod to Smith Barney's marketing slogan, he points to a culture at the broking firm that seems in tune with his own values: "They're doing it the old fashioned way – they're earning it."

Mr Weill's successes – and the stresses of building what has become one of the broadest financial services groups in the US – have been amply illustrated by the events of recent weeks.

First came an agreement to buy the property/casualty insurance operations of Aetna for $4bn.

Like the 1993 agreement to take over the Travelers insurance company, from which the group now takes its name, this was an opportunistic purchase of a weakened insurance business. Alongside GE Capital and CNA, Travelers has become one of a handful of buyers of insurance companies who have imported management techniques learnt in other branches of the financial world to this famously insular industry.

When discussing the Aetna deal, Mr Weill almost allows himself to gloat. "There are very few industries that you can buy into at book value, which is what we paid," he says.

That has been followed, though, by a setback: the partial unravelling of the investment banking division being created at Smith Barney, including the departure of Mr Robert Greenhill, the former Morgan Stanley banker who had become the broker's chief executive.

Like Merrill Lynch before it, Smith Barney has tried to use its big securities sales force as a platform for building an investment banking business. With the purchase from American Express of the Shearson Lehman retail broking operations in 1993, Smith Barney vaulted into the big league: its 10,700 retail brokers now put it second only to Merrill's 13,800.

But the underwriting and M&A deals have not followed, and internal wrangling has led to several high-level departures, including that of Mr Greenhill.

When asked about the upheaval, Mr Weill chooses his words with care. "It's an interesting business to manage," he says, adding: "Sometimes these things go in fits and starts. It takes time to work things out within the constraints of how you can manage it."

Many analysts who have followed Mr Weill's career believe he will succeed in the end. With its powerful network for distributing securities, Smith Barney remains a strong contender.

Mr Weill's management team also has a better track record of managing disparate financial services businesses than many others before it, including giants like American Express and Prudential. Smith Barney's return on capital last year, at nearly 25 per cent, exceeded that of Merrill Lynch. And, while accounting changes and a reorganisation make it difficult to compare the results of the Travelers insurance business with what they were before the 1993 takeover, it is at least clear that insurance profits jumped more than 30 per cent last year.

Travelers is now trying its hand at another skill that broad-based financial services groups have proved notoriously slow to master in the past – cross-selling different products to its customers.

Most of its success in this area so far has come through PFS, the network of almost 100,000 agents created to sell the term life policies of the old Primerica group. Last year, PFS agents sold $1.3bn of mutual funds (though not all of those were run by Smith Barney funds) and by the year end accounted for $1.3bn of the second mortgage loans made by Commercial Credit, Travelers' consumer finance unit. Over the past year, the PFS agents have also started selling home-owner's insurance policies designed by Travelers.

The next step is an attempt to sell a wider range of products through Travelers' other big sales force, at Smith Barney. So far, that has centred around a variable annuity designed by Travelers, and which raised $1bn in December alone.

"That's a rate of two and a half times what they [Travelers] were selling though their independent agents, and it's just starting," Mr Weill adds.

The Travelers chairman says his attempt to build a diverse financial services group has little in common with the "financial supermarket" idea popular a decade ago. That held that consumers of financial products, like those of groceries, would one day shop for all their loans, insurance policies and investments in one place.

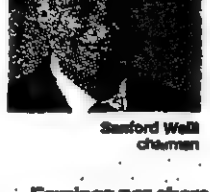
The notion of a supermarket, with its low profit margins and loss-leaders, is one that Mr Weill scorns. Rather, he says, each part of Travelers' business has to justify itself on its own terms. A record of selling marginal businesses and scrapping unprofitable product lines has helped convince Wall Street that he is prepared to act on this promise.

So far, Travelers' growth has been purely domestic – though failed attempts early last year to buy Barings and to take a big stake in S.G. Warburg point to growing ambitions abroad. According to Mr Weill, the aim was to add an international dimension to the range of investment products available to customers in the US.

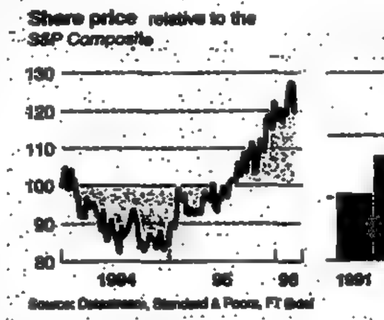
Despite the failure to pull off these deals, Travelers has plenty of momentum behind it, says Mr Samuel Liss, an analyst at CS First Boston. "There's so much going on with the integration of their domestic products, and the property/casualty business, they already have their next challenge," he says.

COMPANY PROFILE:
Travelers Corp

Market capitalisation	$19.8bn
Main listing	New York
Historic P/E	12.21
Gross yield	1.3%
Earnings per share	$5.5
Current share price	$62.75



Sanford Weill chairman



Source: Datastream, Standard & Poors, FT Extel

Lehn & Fink acquisition buoys Reckitt

By Roderick Oram, Consumer Industries Editor

Reckitt & Colman appears poised for double digit growth in earnings per share following the successful integration of Lehn & Fink, the US household products maker it bought last year. Buying L&F brought "substance and credibility to our goal of being the world's leading supplier of household products," said Mr Alan Dalby, chairman.

Encouraged by strong 1995 results reported yesterday, management comments on strategy and signals of steady dividend growth, the shares closed up 34p at 655p.

Reckitt's top three priorities were to build on its enhanced US presence, invest in emerging markets and change the company from a collection of local businesses to an international one, stated Mr Vernon Sankey, chief executive.

It was wrong to compare Reckitt with Unilever or Procter & Gamble, he said. They competed in mass-market areas of household products such as detergents, whereas Reckitt was in higher margin niches such as specialised cleaners. Thus, Reckitt had the scale and resources to build its global business.

The first benefits from L&F showed through in the rise in pre-tax profits to £417.8m ($640m), against £160.2m. However, 1995 figures included an exceptional profit of £132.7m on the disposal of the group's food business in the UK, partially offset by the sale of some US brands. In 1994 there were exceptional credits of £29m but £139m of reorganisation costs.

European operating profits were £113.2m (£101.9m) giving a trading margin of 14.5 per cent (14.2 per cent).

North American profits nearly doubled to £101.5m (£57.2m) giving a margin of 13.2 per cent (11.6 per cent). Despite the distractions of merging L&F with Reckitt's existing North American business, sales of L&F brands rose 10 per cent.

Profits in Australasia and Asia rose to £64.1m (£50.5m) but fell in Africa to £20.9m (£21.3m). Latin America fell to £49.8m (£54.1m) resulting from severe economic setbacks in Mexico and Argentina.

Tony Andrews

Vernon Sankey: group poised for double-digit earnings growth

Legal & General advances 61% and looks to develop banking services

By Alison Smith, Investment Correspondent

Legal & General, the life assurance group, is looking to develop its banking services, probably later this year. Mr David Prosser, chief executive, said yesterday the group was looking seriously at deposit-taking, although it was not interested in going into retail banking.

L&G also announced a 61 per cent rise in pre-tax profits to £271.3m ($415m) largely thanks to a much stronger investment performance in 1995. On the basis of smoothed investment returns, its pre-tax profit would have been about £240m in 1995, against £228m in 1994.

The group's Fairmount subsidiary already holds a banking licence, but Mr Prosser said that it had not yet been decided whether to re-brand Fairmount to provide L&G deposit accounts, or to seek a second licence from the Bank of England.

Offering a deposit account, which could be used to hold policies that had matured, would be a "natural" and "complementary" extension to the product range.

The UK life and pensions business contributed £181.5m (£131.1m) to group pre-tax profits, partly reflecting the special bonus to UK with-profits policyholders. This bonus, which totals £163m and amounts to 37 per cent of the normal annual bonus for 1995, followed the agreement reached with the Department of Trade and Industry last November on restructuring the long-term life funds. It led to a contribution of £18m in the total £121.6m net transfer from the fund to the profit and loss account.

The group's general insurance profit grew to £42.2m (£20.6m) as a recovery in the investment markets more than offset £38m in claims for subsidence and the December freeze across its household and commercial property books.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
[illegible]	Yr to Dec 31 ☆	3.41	(3.65)	1.5L	(0.19L♠)	4.82L	(0.85L)	-	-	-	-	-
Bostrom	Yr to Dec 31	75.1	(65)	5.26	(4.09)	23	(18)	3.9	June 7	3.5	6.6	6
British Mohair	Yr to Dec 31	48.1	(46.5)	2.31♥	(3.12)	11.54	(15.47)	7.8	May 20	7.6	9	9
BTR	Yr to Dec 31	9,778	(9,444)	1,503♥	(1,412♥)	26†	(24.5)	8.15	June 3	8.3	16.075¶	14.8¶
Coats Viyella	Yr to Dec 31	2,460	(2,589)	162.5♥	(105.1♠)	15.7	(7.8)	5.1	July 1	5	9.725¶	9.375¶
Coutts Consulting	Yr to Dec 31	33.7	(18.9)	2.39♠	(0)	2.52	(1.31L)	1.4	June 7	1.1	2	1.5
Davis Service	Yr to Dec 31	342.9	(322.2)	24.1♠	(25.4)	15.23	(16.98)	6.27	June 10	5.83	9.35	8.5
Electrophoretics Φ	60 wks to Dec 31 §	-	(-)	1.39L	(0.021L)	2.45L	(-)	-	-	-	-	-
Emess	Yr to Dec 31	165.5	(145.1)	8.3♠	(6.4)	0.9	(0.1)	0.2	May 22	0.1	0.2	0.1
Enterprise Oil	Yr to Dec 31	782.9	(651.3)	101.6♥	(71♠‡‡)	18.3	(11.7)	9.5	June 5	9.5	15	15
Exco	Yr to Dec 31	207.6	(234.4)	18.3♠	(43.5)	8.3	(19.3)	6	May 31	3	9	6
Flomerics Φ	Yr to Dec 31	4.15	(3.1)	0.418	(0.407)	11	(11)	2.6	May 9	-	2.6	-
Green (Ernest)	6 mths to Dec 31	3.22	(4.15)	0.576L	(0.322)	6.3L	(1.9)	nil	-	2.4	-	5.1
Jeyes	Yr to Dec 30	116.6	(109.1)	1.29♥	(4.16L♠)	3.4	(16.2L)	nil	-	nil	nil	3.3
Legal & General	Yr to Dec 31	2,314□	(21.7)	271.3	(168.6)	39.72	(22.68)	16.7	June 3	14.75	24.4	21.7
Logica	6 mths to Dec 31	128.9	(113.6)	9.04	(7.22)	8.8	(7.8)	3	Apr 26	1.75	-	6.25
Mayflower	Yr to Dec 31	202.3	(137.5)	7.13♠	(8.59♠)	2.52	(3.45)	1.33	May 17	1	2	1.5
Micro Focus	Yr to Dec 31	77.3	(89.9)	6.54L♠	(8.72♠)	43.6L	(32)	-	-	-	-	-
Mirror	Yr to Dec 31	512	(462.9)	106.7♥	(189.3♥)	19.8	(35.2)	2.8	May 16	2.5	4	3.5
MTL Instruments	Yr to Dec 31	34.6	(30)	4.61	(4.9)	16.5	(17.6)	2.8	May 14	2.8	4.8	4.7
Pittards	Yr to Dec 31	110	(121.3)	0.522L♥	(2.16♠)	4L	(7.2)	1.5	May 10	1.25	1.5	2
Reckitt & Colman	Yr to Dec 30	2,363	(2,079)	417.8♥	(160.2♠)	76.9	(21.3)	12.8	July 5	11.8	20.15	18.75
Sirdar	6 mths to Dec 31	28.4	(30.9)	3.3♥	(3)	4.2	(3.62)	1.79	May 7	1.79	-	5.49
Steel Burrill	Yr to Dec 31	43.2■	(45■)	5.71	(7.51♠)	7.67†	(9.52)	3	May 24	6	4.5	9
Telemetrix	Yr to Dec 31	159.6	(137.6)	10.4♠	(11.4♥)	5.3	(8.6)	1.45	July 1	1.2	1.45	1.2
Television Corp	6 mths to Dec 31	5.47	(3.8)	2.72L♠	(0.278)	29.4L†	(3.2)	nil	-	1.5	-	4
United Biscuits	Yr to Dec 30 ★	3,436	(3,430)	100.6L♠	(131.8)	23.9L	(16.3)	8.3	July 1	9.8	9.8	15.3
Watmoughs	Yr to Dec 31	208.4	(179.9)	23.7	(20.1)	23.8	(20.3)	7	Apr 26	6.1	9.5	7.8
Wood (Arthur)	Yr to Dec 31	4.58	(4.06)	0.454	(0.279)	16.18	(10.24)	6.5	Apr 27	4.25	6.5	4.25
World of Leather	Yr to Dec 31	29.2	(29.7)	0.517L	(0.537)	4.5L	(4.7)	0.85	May 17	0.75	1.6	1.5

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
BZW Endowment	6 mths to Jan 31	112.7	(102)	1.1	(0.729)	5.46	(3.65)	-	-	-	-	-
CU Environmental	Yr to Dec 31	122	(115)	0.128	(0.085)	0.73	(0.49)	0.5	May 13	0.425	0.5	0.425
Fleming High Inc	9 mths to Jan 31	113.29	(95.7)	1.09	(1.04)	3.38	(3.21)	1.15◆	Apr 1	1.15	-	4.5
F&C High Income	6 mths to Dec 31 ★	73.5	(67.1)	0.194♠	(0.423)	0.65	(1.41)	1.3	Apr 19	1.2	-	2.8

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ☆ Comparatives for 15 months. ♠ After exceptional charge. ♥ After exceptional credit. † On increased capital. ¶ Includes Foreign Income Dividend element. § Comparatives cover 48 weeks to November 7 1994. ‡‡ Post tax. □ Total premiums. ★ Comparatives restated. ■ Income. Φ Aim stock. ◆ Third interim; makes 3.45p to date.

DIGEST

Volume slowdown behind fall at Exco

The slowdown last year in trading volumes on world financial markets took its toll on Exco. Pre-tax profits at the moneybroking group plummeted from £43.5m to £18.3m ($28m) in 1995. Profits took in exceptional charges of £4.9m following a restructuring which saw staff numbers, excluding hirings, drop from 1,800 to 1,500.

The shares rose 10p to 117p after the stock market responded positively to comments on the state of trading this year, which Exco said mirrored conditions in the first half of 1995, when volumes were relatively buoyant. *Patrick Harverson*

Yorks Food California bound

Yorkshire Food, the Bradford-based food processing group, is moving its centre of gravity to California, where it processes produce such as raisins, almonds and prunes under the Del Monte brand, following the sale of its home baking division for a total of £20m ($31m).

Mr Mike Firth, founder and chairman, described the UK food market as tough, pointing out that the group served a world market from California. He expects to seek a US listing, probably on Nasdaq, to run alongside the UK listing, in about two years. *David Blackwell*

Telemetrix hit by fall in US

Reduced profits at its US subsidiary hit Telemetrix, the specialised electronic components supplier, and 1995 pre-tax profits fell 9 per cent to £10.4m ($16m).

Operating profits at GTI, the 57 per cent-owned US offshoot, fell 7 per cent to £4.7m despite a 15 per cent rise in sales to £106.4m. This partly reflected higher than expected losses at Promptus Communications, the supplier of digital network access systems.

GTI's profits were also depressed by the £700,000 cost associated with the departure of Mr Gary Luick, president and chief executive of GTI, at the end of last year. *Motoko Rich*

S Africa float for Howden arm

Howden Group, the Scottish industrial equipment manufacturer, is seeking to float between 40 per cand 50 per cent of Howden Africa Holdings, a wholly owned South African subsidiary, on the Johannesburg stock exchange. Proceeds will be used for investment in its US operations.

GEC close to signing Simpson from Lucas

By Bernard Gray and Tim Burt

The General Electric Company is close to signing Mr George Simpson, the chief executive of Lucas, as its new chief executive to replace Lord Weinstock who is retiring later this year.

Final details of the contract remain to be agreed, and the uncertainty places Lucas, the engineering company, in an embarrassing position over whether to make an announcement about the likely change before it presents its interim results next Tuesday.

Neither GEC nor Lucas had planned to make a statement until April, when all of the contract terms would have been resolved.

Sir Brian Pearse, Lucas's chairman, and Lord Prior, GEC chairman, have been in intensive negotiations in the past few days to try to resolve the outstanding issues. Yet agreement is thought unlikely before Tuesday.

Rexam disposals raise £31m

Rexam has sold three non-core businesses for a total of more than £31m ($47m), but the printing and packaging group played down the significance of the disposals, describing them as a "tidying up of peripheral businesses".

The largest of the three deals involves Opax, a subsidiary which manufactures lottery tickets and promotional games internationally. Rexam said it had signed a letter of intent to sell Opax to Scientific Games Holdings, a US lottery ticket maker, for £15.5m.

Separately, Rexam said it had completed the sale of its UK subsidiary Victor to MA Hanna UK for £11.6m and its US unit Rexam Performance Products to Lamtec Corporation for $6.5m.

COMPANY NEWS: UK

Loss of £100.6m after charges for US and Spanish activities

UB pledges return to profit

By Roderick Oram, Consumer Industries Editor

United Biscuits pledged yesterday to show a good improvement in underlying profitability this year as it reported what it called a "dreadful year" which resulted in a pre-tax loss of £100.6m ($154m). Even before exceptional charges of £150.3m, pretax profits halved to £78.1m for 1995.

The exceptionals mainly reflected its costly disengagement from the US and Spanish markets. Departure from them was the first phase of reconstructing the group, Mr Eric Nicoli, chief executive, said.

Phase two, consolidation of its position in Europe and the east Asia, was under way, and phase three, seeking acquisitions and partners, would unfold over the next few years, he said.

"You'd have had to be on another planet over the past year not to be aware of the criticisms and comments about UB," Mr Colin Short, chairman, said. But despite the setbacks, "the board unequivocally supports Eric".

The results were dragged down by severe pressure from cost increases, competition particularly from PepsiCo in the UK and Dutch snack markets, and a variety of other strategic and managerial problems in several subsidiaries.

"1995 was indeed a dreadful year," Mr Nicoli said. "But some of those factors will not impact on us in 1996. The prospects for profit recovery are good."

New products, higher spending on advertising and marketing, further cost savings, price increases and a new management structure should all contribute to an improved performance, he added.

In the first two months of 1996, "we are ... making satisfactory progress towards our objective," UB said. Proceeds from the sale of Keebler in the US had cut UB's net borrowing to £273m from £607m and its gearing to 44 per cent from 97 per cent.

However the disposal had made UB dependent on the UK for 66 per cent of its sales and 77 per cent of its profits, a sharp reversal after two decades of internationalisation.

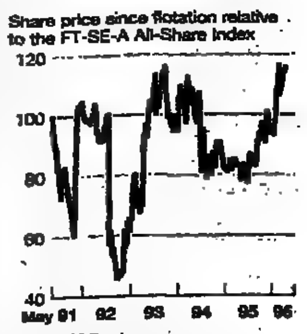
LEX COMMENT

Mirror Group

The Mirror Group's fascination with cross-promotion is understandable. Its core tabloid newspapers have a few good years ahead of them as the cover price war and increases in newsprint costs reverse themselves. But this is a mature business. Wouldn't it be exciting if it could mimic Mr Rupert Murdoch's News International and use the tabloids' vast promotional potential to build a television empire? The Mirror has already made a promising start in tabloid TV with its quasi-local Live TV cable channel. Though Live TV is still losing money, wacky ideas like its "news bunny" and topless darts have grabbed headlines. Linking up with a network of local newspapers – which promote Live TV and provide it with local programmes – has also underlined the advantages of cross-promotion. Local TV is a market which Mr Murdoch's BSkyB has not monopolised, and which its satellite technology is not suited to. Hence, Mirror's interest in launching further local channels, perhaps concentrating on sports.

Mirror Group

Share price since flotation relative to the FT-SE-A All-Share Index



Source: FT Extel

But Mirror's ambitions extend beyond being merely a programme supplier. It would like to exploit its promotional capacity by throwing the full weight of its tabloids behind cable TV and/or ITV. What, though, is the best way of making money out of this? Buying entire TV networks to capture the upside would be prohibitively expensive. Taking minority stakes, like its 20 per cent share in Scottish Television, would be cheaper; but replicating that across the country would still be pricey. Forming cross-promotional ventures without shelling out capital would be the best approach, if it can be done.

Fleming American taken back to US roots

By Philip Coggan, Markets Editor

Fleming American Investment Trust said yesterday that the US Environmental Protection Agency had formally instituted proceedings against it in a claim for the costs of cleaning-up a polluted site in Slidell, Louisiana.

The claim dates back to 1882-1902 when Fleming American, then known as the Alabama, New Orleans and Pacific Junction Railways Company, operated a creosote factory for treating railway sleepers. The EPA has estimated the costs of the clean-up will be $132m but other companies are also being pursued.

Since October, when the trust announced that it was being pursued by the EPA, the shares have slid to a hefty discount – 31 per cent by Wednesday night – to their net asset value.

But yesterday's statement said that Kerr-McGee, another of the companies involved with the site, had reached a settlement with the EPA.

Fleming American said it has been in preliminary settlement discussions with the EPA. Hopes of an agreed deal helped the shares rise 17p to 300p yesterday.

Higher production helps lift Enterprise to £102m

By Patrick Harverson

Enterprise Oil yesterday further restored its reputation among City institutions when the oil explorer reported record production levels and sharply higher profits for 1995.

The announcement of an increase in after-tax profits from £71m to £101.6m ($155.4†) on turnover of £762.9m (£651.3m), lifted Enterprise shares by 33p to 420p.

They were also helped by what appeared to be a shift in investor sentiment following the company's first results meeting with City analysts. Enterprise's decision to host the meeting was seen as an attempt to improve its standing in the City following the failed 1994 bid for rival oil explorer Lasmo.

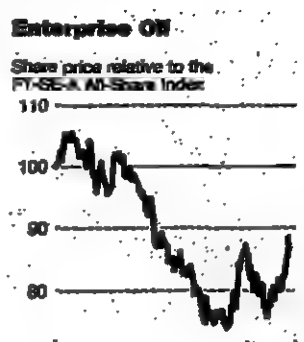
Since then, Enterprise has struggled to convince the market that it has a credible long-term strategy. But analysts said those concerns were eased by yesterday's upbeat presentation combined with the results and more positive exploration prospects – particularly in Norway and Italy.

Mr Graham Hearne, chairman, said: "We move forward into 1996 with confidence tinged with some caution.

"Our caution stems from the possibility that oil prices may weaken as the year progresses."

Enterprise Oil

Share price relative to the FT-SE-A All-Share Index



Source: FT Extel

Lex, Page 18

Mirror seeks to raise £9m from 2p cover price rise

By Raymond Snoddy

The price of the Daily Mirror will rise next week by 2p to 30p Monday to Friday, bringing in about £9m this year for Mirror *Group, excluding extra promotion costs.*

This was a response to News International's decision to increase the price of The Sun by 2p to 27p on weekdays.

The increase in the cover prices of the two leading mass market tabloids reflects extra newsprint costs that are still coming through, although Mirror Group believes that pulp *prices have stabilised.*

The group also announced yesterday pre-tax profits of £87.2m (£84.7m) for 1995, or £77.1m after £10.1m costs for L!VE TV but before exceptional gains.

Exceptional profits of £29.6m were mainly from the sale of the stake in Donohue, the Canadian pulp and paper company.

Newspaper Publishing, publisher of The Independent in which Mirror Group has a 43 per cent stake, cut its loss to £18.9m last year. This followed a £50.8m deficit previously.

Coats looks east for production

By Motoko Rich

Coats Viyella, the textiles and engineering group, has become the latest manufacturer to cite labour costs as a reason for shifting production from western Europe and North America to low-wage economies in Asia and eastern Europe.

The group, which yesterday reported underlying pre-tax profits down 6.4 per cent at £142.6m ($218m) said it was launching a restructuring programme which would accelerate the move to offshore textile *production and sourcing.* It will make a £50m provision.

The group declined to say how many jobs would go or what proportion of production would move out of western Europe and North America. It also will reorganise its European thread operations and invest in technology to *improve productivity.*

Mr Neville Bain, chief executive, expected the restructuring to deliver savings of £10m in 1996, £25m in 1997 and £35m per year thereafter.

The shake-up follows a difficult year when raw material price rises, particularly in India, unusual weather conditions and the weak housing market in the UK hit profits.

After exceptionals in both years relating to disposals of businesses and property, pretax profits rose from £105.1m to £162.5m, largely because a provision taken in 1994 was released in 1995.

COMMERCIAL PROPERTY

COMMODITIES AND AGRICULTURE

MARKET REPORT

Copper market sentiment dented as cash price falls

Slumping cash COPPER values on the London Metal Exchange knocked forward prices lower yesterday and gave bullish sentiment a severe dent.

The three months delivery price finished the after hours "kerb" trading session at $2,536 a tonne, down $30 from Wednesday.

The cash/three months premium, or "backwardation", narrowed at one point to around $7 three month values late in the day, down sharply from $22 on Wednesday. But it moved out again to to $16.

"There was a lot of lending on everything from cash to threes to much further forward," said one LME trader. "The break back below [support at] $2,550 makes this market look horrible again.".

Several traders linked weakness in cash copper values to cash-raising in the run up to the end of the Japanese financial year. If spreads slipped into contango – the opposite of backwardation, where nearby prices are at a discount to forwards, three month futures could fall sharply, they added.

Chart watchers said first resistance was at $2,550/55 a tonne and support at $2,515/20. Below $2,500 the 1995 low of $2,440 was being kept sharply in focus.

Physical traders said demand in Europe appeared to have recovered slightly from extreme weakness in February and March, but consumers were still buying only on a hand-to-mouth basis.

ZINC prices suffered another bought of selling and profit-taking following the recent surprise move higher. The three months price finished the day at $1,091 a tonne, down $19.

"A break back below $1,080 could see this market back within its old ranges," said one trader.

Three months ALUMINIUM fell only $3 to $1,633, with steady buying noted throughout the afternoon. Forward buying interest was also supporting the front end of the market, traders said.

NICKEL fell $100 to $8,040 a tonne for three months delivery, pressured by weakness in copper and slow physical offtake. Traders said steel mills in Europe were seeing some signs of a pick-up in orders, but the impact would not be felt on the nickel markets for some time.

Three months LEAD edged back $6 to $783, while nearby spreads remained firm. Stocks held by producers, consumers and on the LME were still critically low, and sharply higher prices could be seen by the end of the year, physical traders suggested.

The precious metals dipped slightly after lower-than-expected US inflation figures were announced, but volume remained thin, dealers said.

"There was a bit of selling after the figure, but overall this has been a very, very quiet day," one said.

GOLD closed in London at $396.10 a troy ounce, down 65 cents on the day. At the London Commodity Exchange robusta COFFEE futures ended firm after a choppy session but were below the day's highs after short-covering ran into overhead producer selling.

Traders said prices managed to claw back early losses and notch up some gains after New York coffee futures rallied in early trade to three-week highs on speculative buying.

Compiled from Reuters

Debt weighs down Peru's sugar industry

Sally Bowen on a decline that has been blamed on misguided agrarian reforms

The long, tree-lined drive, the colonial-style church and wooden-balconied buildings set around a shady square recall the prosperous heydays when Casa Grande was Peru's showpiece sugar hacienda. On closer inspection, however, all is revealed as grubby, poorly-maintained and down-at-heel. The discipline imposed by its German founders, the Gildemeister family, has long since vanished.

According to received wisdom, Peru's sugar industry plunged into crisis following the so-called agrarian "reform" under the left-wing military government of General Juan Velasco Alvarado, when great haciendas were expropriated and handed over to the workers.

The figures would seem to bear out that interpretation. Having reached well over 1m tonnes in the 1950s and 1960s, production started to decline after 1968. By 1980, national output was down to 535,000 tonnes; in 1993 it dropped below 400,000 tonnes.

"It's very easy to blame it all on the workers," says Mr Jorge Vejarano, Casa Grande's general manager, who has 17 years private sector experience in the Brazilian sugar industry. "The fact is that Peru's sugar haciendas have always been exploited for economic and political ends, first by the powerful families which owned them, then by successive governments."

Mr Vejarano argues that the debts Peru's 12 co-operatives have run up with the state in unpaid taxes and social security contributions – now totalling some $200m – result from previous governments' policies. Sugar prices were officially pegged and taxes often collected in advance. As a result, the co-operatives suffered severe decapitalisation.

Productivity has plummeted. Casa Grande produces less than 100 tonnes of cane per hectare; it has at present some 18,000 hectares under production out of a total of 30,000. The management estimates immediate investment requirements at around $35m to improve productivity in both the mill and the cane fields. That investment, says Mr Vejarano, would push annual sales up from about $45m to $70m-plus.

A decree law published on Wednesday in Peru's official gazette gives sugar co-operatives 90 days to decide on their future. The government is offering them three options to settle long-standing debts with the tax authorities and the state social security and pension schemes.

Co-operatives that pay up in cash will receive a 60 per cent reduction on their debts. Alternatively, with a cash payment of 20 per cent, the debt may be paid off over a six-year period with 24 months' grace.

The third option – probably the only one available to the cash-strapped co-operatives – involves capitalisation of their debts via the issue of new shares.

If co-operatives choose to become limited companies in this manner, they will benefit from a 70 per cent reduction in their debts with the state. Several groups of private investors are believed to be poised to buy into the decapitalised businesses.

Substantial increases in productivity are clearly no pipe-dream. The irrigated valleys of Peru's northern coastal desert are ideal for sugar cane. Farmers cut every eighteen months, with benchmark yields of 180 tonnes a hectare. Peruvian cane boasts an unusually high sucrose content of around 13.5 per cent, compared with 9 per cent in Brazil.

And small farmers in the valleys of La Libertad are turning back to planting cane.

"It's more reliable and profitable," says Mr Ricardo Gonzalez, who recently pulled out the asparagus beds that used to account for half his 40 hectares, replacing them with cane. "Peru doesn't have the infrastructure for modern agro-industry. But we do have facilities for milling sugar and a ready domestic market."

On parts of his land, Mr Gonzalez is harvesting over 240 tonnes a hectare. Like hundreds of other small producers, he takes his cane for milling to the sugar co-operatives. For the service, Casa Grande retains 38 per cent of the raw sugar produced.

The mini-boom among small private farmers is helping the co-operatives to keep their mills running. Almost 40 per cent of all the sugar processed at Casa Grande comes from independent growers.

Other efforts to increase efficiency are being frustrated by the co-operatives' dire financial position. Casa Grande was recently unable to take up a Brazilian loan offer when the Peruvian government, not surprisingly, refused to guarantee its repayment. Only the Tuman co-operative, recognised as the most efficient of the twelve, has access to limited credit lines through a local bank.

The remainder are in the survival business. Far greater than their debts to the state are pensions and social security payments due to retired worker-associates. New legislation, it seems certain, will oblige the co-operatives to transform themselves into limited companies, settle their debts and – it is assumed – sell out at least in part to new private sector owners.

Sugar co-operative managers seem resigned, if regretful

"I'd like to find an alternative to make the associative model work: the co-operatives at least recognise the dignity of the worker in an industry where conditions are often subhuman," says Mr Vejarano. "But if it's impossible, I'll be the first to tell the workers we have to change the model."

Hudson Bay's Flin Flon zinc complex under renewed threat as operating losses mount up

By Kenneth Gooding, Mining Correspondent

The Hudson Bay Mining & Smelting operations at Flin Flon in Manitoba are once again under threat of closure after suffering operating losses totalling US$35m in the past two years.

The HBMS metallurgical complex is the biggest employer in the region, with 2,500 people directly employed, and produces about 8 per cent of North America's zinc, as well as some copper.

Mr Tony Lea, an executive director of Minorco, the Luxembourg-quoted offshore operating arm of the Anglo American Corporation of South Africa, which owns HBMS, said yesterday a major review was under way "to see how we might reduce costs and if we should persist with Hudson Bay".

He said that he would be astonished if the review suggested immediate closure, particularly as Minorco believed the prospects for zinc metal were good and the business had made a small profit in the first two months of 1996.

Nevertheless, the mines supplying the smelter with raw material would run out of ore in 2004 at the present rate of production.

Minorco was spending $10m a year on exploration of the surrounding area, he said, using the most up-to-date aeromagnetic survey techniques. "We need to identify in the next three years a large, long-life, low grade zinc-copper deposit to ensure Hudson Bay's future," he added.

While some small, high-grade deposits had been found in the past, the results of the latest exploration results had been "disappointing".

Minorco would continue exploration spending at a high level for another three years but, if by the end of that time it had not found a big deposit, HBMS would become a "twilight operation" and close in 2004.

The group took over HBMS in August 1992 from Inspiration Resources, another Minorco subsidiary. Minorco has about $250m invested in HBMS fixed assets, including $180m spent since then on a modernisation programme primarily designed to improve the environmental performance. Canada's federal government provided a C$25m loan towards this scheme and the provincial government one of C$55m.

Mr Lea said HBMS this year is scheduled to produce 85,000 tonnes of zinc and 40,000 tonnes of copper from its own mines plus 20,000 tonnes of copper from bought-in raw material.

BP may sell N Sea interests

By David Lascelles

British Petroleum may sell its interests in four North Sea fields, Beatrice, Buchan, Clyde and Thistle.

The four belong to a group of mature fields whose lives BP has been working to extend. Although their performance has been enhanced, BP says they are disadvantaged when competing with other BP fields in the North Sea for assets and management time.

It says fields' lives could extend well into the next century. They produce 59,000 barrels a day, of which BP's share is about half.

Porgera to miss gold target

By Nikki Tait in Sydney

Partners in the large Porgera gold mine in Papua New Guinea yesterday confirmed that output in 1996 is unlikely to top 940,000 troy ounces of gold. They had previously been hoping for 1.1m ounces, but warned last month that technical mining problems would probably lead to this figure being reduced by 15 per cent.

The partners include Highlands Gold, part of Australia's MIM group; the newly-created Goldfields group; Placer Pacific; and the Papua New Guinea government.

● The long-running fight between Peabody, the coal mining offshoot of Britain's Hanson group, and Rosemount Estates, the Australian winery, over a new A$370m mine in New South Wales's Hunter Valley region, took a new twist yesterday, with the state government saying it would appeal against a land and environment court decision that blocked the mine's development earlier this month.

The state government said that the appeal confirmed the government's commitment to providing certainty for major projects in the state. Rosemount, which has vineyards close to the mine site, is concerned about the environmental impact.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1608.5-9.5	1638-39
Previous	1614.5-5.5	1644-45
High/low	1612.5	1644/1633
AM Official	1612.5-13.0	1642-42.5
Kerb close		1632-3
Open int.	216,836	
Total daily turnover	45,010	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1365-65	1395-95
Previous	1355-65	1395-400
High/low		1401/1395
AM Official	1355-60	1401-5
Kerb close		1395-400
Open int.	5,112	
Total daily turnover	1,358	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	806-8	787-88
Previous	811.5-13.5	791-91.5
High/low	808	799/783
AM Official	811-12	787-88
Kerb close		783-4
Open int.	95,861	
Total daily turnover	40,497	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	7980-90	8080-90
Previous	8058-60	8155-60
High/low	8025	8140/8040
AM Official	8020-22	8120-25
Kerb close		8040-50
Open int.	41,282	
Total daily turnover	8,219	

■ TIN ($ per tonne)

	Cash	3 mths
Close	6060-70	6095-105
Previous	6060-70	6100-5
High/low		6110/6080
AM Official	6085-90	6110-15
Kerb close		6070-5
Open int.	18,397	
Total daily turnover	4,171	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1072-73	1093-94
Previous	1097.5-8.5	1117-18
High/low	1083.5/1083	1110/1090
AM Official	1083-83.5	1103-4
Kerb close		1090-91
Open int.	71,768	
Total daily turnover	16,399	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2553.5-5.5	2543-44
Previous	2593-5	2571-2
High/low	2578/2575	2585/2535
AM Official	2578-79	2581-82
Kerb close		2535-6
Open int.	179,620	
Total daily turnover	94,753	

■ LME AM Official £/$ rate: 1.5245
LME Closing £/$ rate: 1.5230

Spot: 1.5235 3 mths: 1.5211 6 mths: 1.5188 9 mths: 1.5168

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	118.35	−1.75	119.55	117.80	856	3,908
Apr	117.70	−1.95	118.70	117.60	647	2,170
May	117.20	−1.65	118.80	116.70	4,575	20,455
Jun	115.70	−1.15	115.60	115.60	15	860
Jul	114.70	−0.80	115.70	114.25	287	4,944
Sep	112.75	−0.45	113.20	112.50	114	2,837
Total					6,610	43,380

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	395.90-396.30		
Opening	396.40-396.80		
Morning fix	396.10	259.874	470.131
Afternoon fix	395.50	259.446	469.419
Day's High	396.50-396.90		
Day's Low	395.20-395.60		
Previous close	396.60-396.80		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.33	6 months	3.89
2 months	4.22	12 months	3.79
3 months	4.07		

Silver Fix	p/troy oz.	US cts equiv.
Spot	366.30	558.80
3 months	370.95	564.80
6 months	375.85	571.15
1 year	384.90	583.50

Gold Coins	$ price	£ equiv.
Krugerrand	395-398	259-261
Maple Leaf	406.65-409.20	
New Sovereign	93-96	61-63

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

[illegible]

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

[illegible]

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

[illegible]

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

[illegible]

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

[illegible]

■ CRUDE OIL IPE ($/barrel)

[illegible]

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

[illegible]

■ GAS OIL IPE ($/tonne)

[illegible]

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

[illegible]

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

[illegible]

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

[illegible]

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

[illegible]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

[illegible]

■ BARLEY LCE (£ per tonne)

[illegible]

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

[illegible]

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

[illegible]

■ SOYABEAN MEAL CBT (100 tons; $/ton)

[illegible]

■ POTATOES LCE (£/tonne)

[illegible]

■ FREIGHT (BIFFEX) LCE ($10/index point)

[illegible]

FUTURES DATA
All futures data supplied by CMS.

SOFTS

■ COCOA LCE (£/tonne)

[illegible]

■ COCOA CSCE (10 tonnes; $/tonnes)

[illegible]

■ COCOA (ICCO) (SDR's/tonne)

[illegible]

■ COFFEE LCE ($/tonne)

[illegible]

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

[illegible]

■ COFFEE (ICO) (US cents/pound)

[illegible]

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

[illegible]

■ WHITE SUGAR LCE ($/tonne)

[illegible]

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

[illegible]

■ COTTON NYCE (50,000lbs; cents/lbs)

[illegible]

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

[illegible]

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

[illegible]

■ LIVE HOGS CME (40,000lbs; cents/lbs)

[illegible]

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	68.500	−2.000	69.900	68.500	314	661
May	67.425	−2.000	69.200	67.425	2,513	6,665
Jul	64.100	−2.000	65.675	64.100	596	2,469
Aug	60.200	−2.000	62.300	60.200	62	709
Feb	60.825	−1.875	62.650	62.000	9	57
Mar	60.700	−1.800	-	-	-	6
Total					3,511	10,567

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	Jun	Sep	Jun	Sep
1500	135	-	5	-
1600	60	101	28	49
1700	18	54	85	98
■ COPPER (Grade A) LME	Jun	Sep	Jun	Sep
2400	149	121	19	70
2500	82	74	51	120
2600	39	42	106	185
■ COFFEE LCE	May	Jul	May	Jul
1850	109	133	65	181
1900	84	115	93	193
1950	64	99	123	227
■ COCOA LCE	May	Jul	May	Jul
875	30	64	12	22
900	17	49	24	32
925	8	36	40	44
■ BRENT CRUDE IPE	Apr	May	Apr	May
1700	-	126	-	28
1750	-	86	2	38
1800	-	58	5	62

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)

		+or-
Dubai	$16.84-6.90w	-0.21
Brent Blend (dated)	$19.45-9.47	-0.15
Brent Blend (Apr)	$19.00-9.02	-0.10
W.T.I.	$20.69-0.73w	

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$191-192	+4
Gas Oil	$185-187	-2
Heavy Fuel Oil	$106-108	-0.5
Naphtha	$172-173	-2.5
Jet fuel	$209-211	-3
Diesel	$185-187	-4

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

Gold (per troy oz)♣	$396.10	-0.65
Silver (per troy oz)♣	558.50c	-1.00
Platinum (per troy oz.)	$411.25	-2.25
Palladium (per troy oz.)	$139.00	-2.00
Copper	122.0c	
Lead (US prod.)	41.75c	
Tin (Kuala Lumpur)	15.31m	-0.01
Tin (New York)	286.50c	-1.00
Cattle (live weight)	119.38p	+2.03*
Sheep (live weight)†♣	140.41p	+6.16*
Pigs (live weight)†	109.73p	+3.95*
Lon. day sugar (raw)	$325.9	+3.5
Lon. day sugar (wte)	$397.5	+2.2
Barley (Eng. feed)	113.25	
Maize (US No3 Yellow)	145.5z	
Wheat (US Dark North)	Unq.	
Rubber (Apr)♥	105.50p	
Rubber (May)♥	105.50p	
Rubber (KL RSS No1)	393.00m	-7.50
Coconut Oil (Phil)§	$727.5v	+17.5
Palm Oil (Malay)§	$517.5	
Copra (Phil)§	462.0	
Soyabeans (US)	207.0	+1.0
Cotton Outlook'A' index	83.58	
Wooltops (64s Super)	440p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. w Apr. v Apr/May. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. † Sheep (Live weight prices). * Change on week. † Prices are for previous week.

Wool

The main Australian market indicator closed just 2 cents lower than a week ago, at 570 cents a kg. New Zealand's overall indicator was 3 cents down, at 506 cents. These small changes underline a widespread view that the main decline in the market this season may be over, but that there is not much chance of a significant price recovery. Stability at low levels is related to some degree of textile recession and overstocking in the developed world, and little prospect of a lead from China, the leading world buyer of internationally traded wool. In the main consuming countries, including the UK, traders are finding that deliveries of old orders are going out well, but over capacity in processing means that any new orders are very competitively priced.

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Mar 14	Mar 13	month ago	year ago
2134.3	2135.6	2153.0	2326.5

■ CRB Futures (Base: 1967=100)

Mar 13	Mar 12	month ago	year ago
247.32	246.89	250.58	236.64

■ GSCI Spot (Base: 1970=100)

Mar 13	Mar 12	month ago	year ago
196.72	195.79	195.33	175.41

JOTTER PAD

CROSSWORD

No.9,019 Set by ADAMANT

ACROSS

1 Extra money for coming back into the mine (6)
4 Given a detour at the centre, but find the main way (8)
9 Forcefulness leads green movement to sticky end (6)
10 Instrument for putting iodine and nitrogen into drink (8)
12 Dine out on story told with all its particulars (2,6)
13 In olden times you had the best performer outside, one for distance race (6)
15 Extremist views in Labour leaders are wrong (4)
16 Can delivery disallowed in cricket accommodate new lethal projectile? (10)
19 Notes on Tosca maybe including four for the workers (10)
20 The advantage lay in their high-powered getaway car (4)
23 Passionate over rubbish being free (6)
25 The Central Line will put people off about an hour after midnight (8)
27 Gives post to a junior MP – one not disposed to the centre (8)
28 Epic improvisation by English choir (6)
29 Put in peril by exploding grenade, packed with nitrogen (8)
30 Not as much ease, it's said, for a tenant (6)

DOWN

1 Exact recipes can be dodgy (7)
2 Go through the green? (9)
3 Bars arranged to sing (6)
5 Drink about ten – it can make things go round! (4)
6 Run into one girl with collection of books causing trouble (8)
7 In any case there's no upset (5)
8 Delight, then confuse the artist on the left (7)
11 Without one, it can't become so enormous (7)
14 At home, their work was to succeed (7)
17 In part, tries out (9)
18 Wise men, the agents got new expert on tricks (8)
19 Indignation is not in fashion (7)
21 It's a pain, having to listen to each variation (7)
22 Admit to having fathered French unit in current use (6)
24 Quick foray to secure central parking place (5)
26 Square, yet somehow spot on the face (4)

Solution 9,018

TACITURN BREWER / STOCK SHORTTERM / UNSKILLED OILED / MATTER CLARKIA / CUTBACK WAITER / IONIC FRICASSEE / STIPULATE IDIOM / SCENTS OPENPLAN

INTERNATIONAL CAPITAL MARKETS

US Treasuries post gains on bullish economic data

By Samer Iskandar in London and Lisa Bransten in New York

European bonds traded calmly yesterday morning, ignoring the Bundesbank's decision to keep its discount and Lombard rates unchanged at 3 per cent and 5 per cent respectively, which had been anticipated.

In the afternoon, yields fell in all the main markets, after the release of relatively encouraging data from the US. European markets are expected to remain cheerful in coming weeks, with a rate cut widely anticipated in Germany and, possibly, another cut in the UK.

Economists at HSBC Markets believe the three rate cuts since December were "an inadequate response to the alarming weakening in the UK economy", and expect interest rates to reach 5 per cent before the year-end, a full percentage point below their current level.

■ US Treasury prices posted modest gains in early trading as data showing that inflationary pressures remain in check was offset by figures indicating declining unemployment.

Near midday, the benchmark 30-year Treasury was 11/32 higher at 91 1/16 to yield 6.658. At the short end the two-year note was 1/32 stronger at 98 31/32 to yield 5.705 per cent.

Fears that strong jobs growth would bring about a re-emergence of inflationary pressures were eased by the 0.2 per cent decrease in February's producer price index. Excluding the volatile food and energy components the PPI was up 0.1 per cent, according to the Commerce department. Both figures were weaker than most economists had forecast.

But bonds failed to rally as stronger-than-expected weekly employment figures reignited jitters about the strength of the economy brought on by last week's surprisingly strong data on non-farm job growth.

Claims for first time unemployment benefits fell by 10,000 last week bringing the four-week moving average to 364,000, the Labor department said.

Economists from Donaldson, Lufkin & Jenrette said that while yesterday's figures "jeopardise the perception of a sluggish labour market ... the claims statistics do not indicate the same robust strength that was portrayed in the recent payroll employment report".

The dollar provided some support as it posted modest gains against the Japanese yen and the D-Mark. In early trading, it was changing hands for Y105.47 and DM1.4730 compared with Y105.15 and DM1.4708 late on Wednesday.

GOVERNMENT BONDS

■ German bunds shrugged off the Bundesbank's decision to leave its key interest rates unchanged after yesterday's meeting of its monetary policy Council. But later in the day, when a stronger US Treasury market pulled all European bonds up, bunds benefited most. Liffe's June future on 10-year bunds closed at 95.64, up 0.38. Expectations are rising that there will be a rate cut at the next Bundesbank meeting, on March 28.

This view is reinforced by bullish fundamentals. With increasing signs of "serious disinflation and the spending cap (recently announced by the German finance minister), a rate cut seems to be the only policy instrument left" to stimulate the economy, said Mr David Brown, chief international economist at Bear Stearns. He expects the rate of underlying inflation to be well below the German central bank's long-term target of about 2 per cent.

Market participants will be awaiting the release of money supply data, due just before the next fortnightly meeting of the Bundesbank's Council. Mr Brown forecasts that the M3 monetary aggregate will have grown by 6.9 per cent in February, just inside the 4 to 7 per cent range targeted by the Bundesbank.

■ UK gilts closed higher, in line with other European bond markets. Liffe's June gilt future settled at 105 3/32, up 8/32. However, the yield curve remains very steep, according to market observers.

Fixed income analysts at Merrill Lynch point to the spread between 10- and 20-year maturities, which is close to 20 basis points, and compare it with the similar spread on bunds, which stands at around 70 basis points.

Their conclusion is that "fundamentals indicate that the 20-year gilt should have a greater yield premium". Therefore, they "expect this spread to widen from its current level". However, Mr Steven Andrew at Merrill Lynch does not see this spread matching its European counterparts in the near future.

■ French OATs underperformed other European bonds, as traders were made nervous by the apparent fragility of the French franc against other currencies. Matif's March notional future closed at 120.90, up 0.08. However, the June maturity, which is about to become the benchmark contract, settled at 120.52, down 0.02. In the cash market, the 10-year spread over bunds widened by 4 basis points to 21.

■ Spanish bonds also benefited from yesterday's bullish mood, as traders remained confident that inflation is under control. The March 10-year bonos future settled at 93.96, up 0.18.

Italy's first credit rating agency is launched

By Andrew Hill in Milan

Italy's first credit rating agency was launched yesterday, with the aim of improving access to capital markets for the country's most innovative and fast-growing companies.

Italrating will concentrate on assessing the creditworthiness of small- and medium-sized Italian companies, "the most dynamic in the Italian economy" according to Mr Marco Cecchi de'Rossi, the agency's chief executive.

He estimates that a reliable domestic rating agency could help companies with between 10 and 250 employees convert some L35,000bn of short-term debt into longer-term debt or other financial instruments.

The new agency's largest shareholder will be Mediocredito Centrale, the treasury-controlled medium-term lending bank, with 36 per cent. Two business research groups – Databank and Nomisma, the Bologna-based consultancy headed by would-be Italian prime minister Mr Romano Prodi – will have 25 per cent each, and 10 per cent will belong to Unioncamere, which represents Italy's chambers of commerce.

Although many of Italy's medium-sized companies have a strong international outlook, their ability to raise funds on capital markets has been hampered by a lack of independent valuation of credit risk.

Companies seeking capital will be able to ask Italrating for a rating, and the agency will also respond to inquiries from potential investors who require more information on medium-sized enterprises.

The agency said it would use the same scale of credit rating – from AAA to D – used by most international credit rating agencies.

Single issue breaks Europe's torpor

By Conner Middelmann

After Wednesday's flurry of new issues, the eurobond market ground to a halt yesterday, with only one offering surfacing in the torpid market.

Amid continued nervousness over the direction of underlying government bond markets, investors are largely staying sidelined, dealers said. What issuance there has been this week has either been short-dated paper targeted at retail investors or floating-rate notes aimed largely at financial institutions.

INTERNATIONAL BONDS

In the latter category, Caisse Centrale Desjardins, the central bank of Canada's co-operative banks, issued a DM250m offering of four-year floating-rate notes callable after two years. The notes pay a coupon of 10 basis points over Libor and yield 11.6 basis points over Libor at the re-offer price.

According to Merrill Lynch, which jointly led the issue with DG Bank, the deal attracted good buying from institutions – banks and investment funds – in Germany, Switzerland and France.

After Portugal's DM1.5bn of five-year floating rate notes, launched earlier this week at a re-offer spread of Libor less 1 basis point, investors were keen on floating-rate paper that offered a double-digit spread over Libor, he said.

Elsewhere, the Indian Rail Finance Corporation is preparing its eurobond debut, $50m of floating-rate notes expected to be priced today at a spread of 100 to 120 basis points over Libor. It is the first international funding exercise by the financing arm of state-owned Indian Railways. ANZ Grindlays is acting as lead manager.

The proceeds will be used to import rolling stock for the country's railways system, which carries 12m passengers and 1.1m tonnes of freight daily, Mr N. P. Srivastav, managing director of IRFC, said at a briefing yesterday.

While the company is likely to return to the international bond market in the coming years, he said it was not planning any form of equity finance – such as an issue of global depositary receipts – as it is to remain fully government-owned.

● Moody's Investors Service has placed the long-term debt ratings of GPA, the aircraft leasing group, on review for possible upgrades following the company's successful securitisation refinancing earlier this week, with some $1.5bn in long-term debt affected.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
D-MARKS							
Caisse Centrale Desjardins‡	250	(a)	99.94R	Apr 2000	0.10R	-	DG Bank/ Merrill Lynch
KFW(b)	75	5.00	99.65R	Dec 2001	0.20R	-	Morgan Stanley
SWISS FRANCS							
St Gallen Kantonalbank(c)	100	3.75	100.25	Apr 2001	undiscl	-	St Gallen Kantonalbank

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ‡ Floating-rate note. #Semi-annual coupon. R: fixed re-offer pri ce; fees shown at re-offer level. a) 3-mth Libor +10bp. b) Fungible with Dm125m. Plus 97 days accrued. Coupon rises to 7% from year 4, if a call at par after 3yrs is not exercised. c) Subscription by 28/3.

Argentaria upbeat on demand for offering

By Tom Burns in Madrid

Argentaria, Spain's partially privatised banking group, sets the maximum price today for the disposal of 25 per cent of its government-held equity.

It is confident that a comprehensive road show programme to present the global offer together with the comparatively cheap price of its shares will fuel demand from international institutions.

Analysts believe the offering, which would realise some Pta160bn at Argentaria's current market value, could be between four and five times oversubscribed in its international tranche.

The banking group, advised by US investment bank Morgan Stanley, its global co-ordinator, moves its presentations to the US and Asia next week after meeting this week with institutions in the UK and continental Europe.

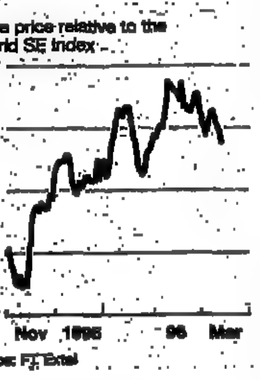
"By the end of the road shows we will have met some 450 institutions, about half the total number that invest in international equities," said Mr Victor Barallat, a senior Argentaria executive who is managing the disposal.

The final price for the disposal will be announced on March 25 but, under the terms of the offer document, it cannot be more than the final price fixed on the basis of the weighted average of Argentaria's trading price during this week on the Madrid stock exchange.

The share price closed yesterday at Pta5,210, and today's maximum price is therefore likely to be within a range marked by Tuesday's low of Pta5,200 and by a Pta5,300 high that was posted on Monday.

Argentaria

Share price relative to the Madrid SE index



Source: FT Extel

Such prices reflect the collapse of the domestic stock exchange following the inconclusive result of Spain's general elections on March 3.

On March 1, the last trading session before the poll, Argentaria's shares closed at Pta5,540 and their value, in line with that of the market, fell sharply when the centre-right Popular Party (PP) failed to gain a governing majority that had been widely anticipated by investors.

Analysts believe Argentaria's current market value represents a discount, in terms of price earnings ratio and of trading price to book value, of some 25 per cent compared with the market value of rival big domestic banks, Banco Bilbao Vizcaya and Banco Santander.

Had the PP won a commanding majority, Argentaria's share price on Madrid's Bolsa would have advanced by some 5 per cent and would currently stand at about Pta5,600.

Argentaria is offering 66 per cent of the disposal to domestic institutional and retail investors. The home front offer is already five times oversubscribed.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		10.000	02/06	106.3750	+0.200	9.02	8.72	8.14
Austria		6.125	02/06	98.1900	+0.160	6.66	6.47	6.40
Belgium		7.000	05/05	97.6700	+0.290	7.30	6.79	6.53
Canada *		8.750	12/05	106.8600	-0.020	7.73	7.50	7.14
Denmark		8.000	03/06	102.2200	+0.340	7.67	7.50	7.33
France	BTAN	7.000	10/00	104.8750	+0.250	5.74	5.50	5.56
	OAT	7.250	04/06	103.9200	+0.100	6.70	6.60	6.58
Germany Bund		6.000	02/06	96.5100	+0.560	6.49	6.36	6.12
Ireland		8.000	08/06	99.6000	+0.370	8.04	7.61	7.55
Italy		9.500	02/06	94.2000	+0.140	10.45†	10.22	10.06
Japan	No 129	6.400	03/00	117.2630	+0.230	1.78	1.83	1.63
	No 182	3.000	09/05	98.9390	+0.560	3.15	3.22	2.96
Netherlands		6.000	01/06	96.3600	+0.320	6.51	6.35	6.18
Portugal		11.875	02/05	112.2000	+0.050	9.76	9.65	9.53
Spain		10.150	01/06	100.8800	+0.210	10.01	9.86	9.60
Sweden		6.000	02/05	81.9340	-	9.04	8.82	8.69
UK Gilts		8.000	12/00	102-10	+7/32	7.40	7.10	7.03
		7.500	12/06	95-23	+7/32	8.10	7.86	7.74
		9.000	10/08	106-02	+10/32	8.22	8.00	7.87
US Treasury *		5.625	02/06	94-25	+4/32	6.34	6.06	5.71
		6.000	02/26	91-10	+4/32	6.69	6.46	6.18
ECU (French Govt)		7.500	04/05	101.2600	+0.040	7.30	6.92	6.96

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
Prime rate	8¼	One month	5.15	Two year	5.72
Broker loan rate	[illegible]	Two month	5.14	Three year	[illegible]
Fed funds	[illegible]	Three month	5.10	Five year	[illegible]
Fed funds at intervention	[illegible]	Six month	5.17	10-year	6.34
		One year	[illegible]	30-year	[illegible]

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	120.76	120.90	+0.10	120.94	120.68	32,356	74,515
Jun	120.48	120.52	-0.02	120.58	120.30	7,334	95,936
Sep	119.34	119.30	-0.04	119.34	119.14	422	2,472

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Apr	Calls May	Calls Jun	Puts Apr	Puts May	Puts Jun
119	-	-	-	0.19	0.88	0.67
120	0.93	-	1.67	0.43	1.33	1.25
121	0.39	0.61	1.14	0.82	-	1.69
122	0.11	0.42	0.71	-	-	-
123	0.03	0.19	0.42	-	-	-

Est. vol. total, Calls 17,463 Puts 20,125. Previous day's open int., Calls 152 104 Puts 155,266

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.30	95.64	+0.38	95.76	95.10	146241	227426
Sep	94.35	94.79	+0.37	94.75	94.35	198	3668

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
9550	0.52	1.03	1.27	1.26	0.38	0.69	1.13	1.97
9600	0.28	0.75	1.02	1.04	0.64	1.14	1.39	2.25
9650	0.13	0.57	0.80	0.85	0.99	1.43	1.66	2.55

Est. vol. total, Calls 24030 Puts 12541. Previous day's open int., Calls 268542 Puts 200882

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	108.15	108.81	+0.67	109.09	107.94	43243	51320
Sep		108.31	+0.67			0	0

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
10850	2.07	2.62	1.76	2.81
10900	1.81	2.39	2.00	3.08
10950	1.57	2.17	2.26	3.36

Est. vol. total, Calls 720 Puts 1626. Previous day's open int., Calls 53036 Puts 44763

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	93.75	93.96	+0.18	94.00	93.66	46,482	33,070
Jun	93.34	93.68	+0.24	93.80	93.18	18,373	30,184

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	105-16	106-00	+0-13	106-00	105-14	3410	17269
Jun	104-23	105-09	+0-13	105-09	104-11	48633	119127

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
105	0-42	1-23	1-47	2-20	0-38	1-17	1-41	3-04
106	0-15	0-56	1-16	1-39	1-00	1-50	2-10	3-35
107	0-04	0-34	0-55	1-17	1-62	2-28	2-49	4-21

Est. vol. total, Calls 1117 Puts 1005. Previous day's open int., Calls 48269 Puts 25854

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	88.84	88.94	+0.04	88.94	88.56	1,439	3,770
Jun	88.38	88.32	+0.02	88.36	88.08	1,389	6,651

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	112-03	112-08	+0-02	112-17	111-28	5,763	50,778
Jun	111-18	111-23	+0-05	112-02	111-10	336,490	343,560
Sep	110-27	111-04	+0-05	111-14	110-26	2,527	18,276

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	119.06			119.20	119.05	1572	0
Sep	117.99			118.03	117.97	67	0

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Mar 14	Day's change %	Wed Mar 13	Accrued interest	xd adj. ytd		Low coupon yield Mar 14	Mar 13	Yr. ago	Medium coupon yield Mar 14	Mar 13	Yr. ago	High coupon yield Mar 14	Mar 13	Yr. ago
1 Up to 5 years (23)	121.97	+0.08	121.87	2.45	1.58	5 yrs	7.49	7.53	8.39	7.54	7.57	8.41	7.63	7.66	8.56
2 5-15 years (20)	145.61	+0.22	145.40	2.67	1.56	15 yrs	8.27	8.29	8.32	8.29	8.32	8.43	8.40	8.43	8.63
3 Over 15 years (9)	158.66	+0.32	158.15	2.54	2.52	20 yrs	8.35	8.37	8.31	8.35	8.38	8.43	8.45	8.47	8.50
4 Irredeemables (6)	182.65	-	182.68	4.21	0.00	Irred.†	8.37	8.37	8.39						
5 All stocks (58)	141.04	+0.19	140.87	2.71	1.72										

Index-linked							Inflation 5% Mar 14	Mar 13	Yr. ago	Inflation 10% Mar 14	Mar 13	Yr. ago
6 Up to 5 years (1)	198.29	+0.08	198.14	3.40	0.00	Up to 5 yrs	3.05	3.06	3.59	1.82	1.84	2.30
7 Over 5 years (11)	183.82	+0.20	183.47	1.07	0.84	Over 5 yrs	3.79	3.81	3.65	3.60	3.62	3.67
8 All stocks (12)	183.78	+0.19	183.65	1.12	0.82							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Mar 14	Mar 13	Mar 12	Mar 11	Mar 8	Yr ago	High*	Low*
Govt. Secs. (UK)	92.42	92.36	91.97	92.19	92.84	92.01	95.34	90.22
Fixed Interest	110.86	111.26	111.12	111.58	111.71	110.89	115.23	108.77

*for 1995/96. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Mar 13	Mar 12	Mar 11	Mar 8	Mar 7
Gilt Edged bargains	107.4	214.9	129.3	170.8	94.9
5-day average	143.4	149.2	132.4	127.8	108.0

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on March 14

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWISS FRANC STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OTHER STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DEUTSCHE MARK STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FLOATING RATE NOTES					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CONVERTIBLE BONDS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	52 week High	52 week Low
Shorts (Lives up to Five Years)						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Five to Fifteen Years						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Over Fifteen Years						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Undated						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Index-Linked						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in February 1987. Conversion factor 3.945. RPI for June 1995: 149.8 and for January 1996: 150.2.

Other Fixed Interest

Notes	Yield Int	Yield Red	Price £	+ or -	52 week High	52 week Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

● 'Tap' stock. xd Ex dividend. Closing mid-prices are shown in pounds. ‡ Tax-free to non-residents on application. E Auction basis. Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. Prospective real Index-Linked redemption yields are calculated by HSBC Greenwell from Bank of England closing prices.

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CURRENCIES AND MONEY

MARKETS REPORT

Currencies steady as German rates unchanged

By Philip Gawith

The dollar traded in a very narrow range yesterday following the Bundesbank's decision to leave German interest rates unchanged.

Favourable producer inflation figures buoyed bond and equity prices and gave the dollar a small fillip in US trading. It closed in London at DM1.4709, from DM1.4718 and at Y105.335 from Y105.3.

The focus of attention was mostly with the New Zealand dollar, which was trading at fresh eight year highs, and the French franc, which wobbled amid speculation of a cabinet reshuffle.

The New Zealand dollar finished at 69.01 US cents, from 68.33 US cents. The franc closed at FFr3.428 against the D-Mark, from FFr3.427.

Like the dollar, sterling was confined to narrow ranges throughout the day, and closed barely changed at DM2.2423 and $1.5245.

Traders reported that volumes were down on account of the important national hunt race at Cheltenham. Customer activity also tends to decline at times of low volatility.

The Bundesbank fixed the repo rate at 3.3 per cent for a further two weeks, and left the discount and lombard rates unchanged at 3 per cent and 5 per cent respectively.

■ Analysts argue that the dollar is likely to remain confined within narrow ranges until the end of the month. Because it marks the end of the quarter, investors are unlikely to want to take big strategic risks in foreign exchange, especially given the hefty bond losses many have suffered in recent weeks.

■ Pound in New York

Mar 13	—Latest—	— Prev. close —
£ spot	[illegible]	1.5240
1 mth	1.5227	1.5231
3 mth	1.5210	1.5213
1 yr	1.5141	1.5146

It is these same losses which explain some of the recent weakness in the Italian lira, as investors cut long positions in order to finance their losses elsewhere.

Mr Brian Martin, economist at Barclays in London, said some of the recent weakness in the dollar could be attributed to the firmer Swiss franc. This followed comments earlier this week from the central bank suggesting interest rates would not be cut further.

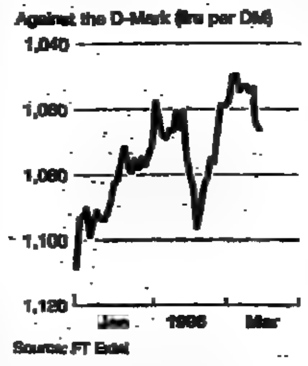
The franc is also reckoned to have benefited from investors seeking a safe haven from volatile markets, and political tensions in Asia.

Mr Martin said: "There is no way on fundamental grounds a stronger Swiss Franc is justified." He said the economy needed a weaker currency, and when this eventuated, it would provide a boost to the dollar. He is forecasting that the dollar will break above DM1.50 in April.

This dollar optimism is shared by analysts at NatWest Markets in London. Mr Kit Juckes said: "The recent turmoil in global bond and equity markets has strengthened our view that the dollar will benefit from a cyclical recovery during 1996. We are particularly encouraged that the shake-out in the US treasury market has not undermined the dollar and, at the same time, has put yields back in line with domestic economic fundamentals."

Lira

Against the D-Mark (lira per DM)



Source: FT Extel

The NatWest view is that higher yields are required to maintain portfolio flows necessary to finance the US current account deficit. Mr Juckes added: "A rise in yields in the weeks before the end of the Japanese fiscal year should provide a strong incentive, once the dust settles, for Japanese portfolio outflows to resume."

The sceptics rejoinder to this is simply put: short-term interest rate differentials between Germany and the US have not been this supportive of the dollar since early 1989. Yet the dollar remains within 10 per cent of its historic low against the D-Mark.

"It is no wonder dollar bulls are growing impatient," say analysts at Deutsche Morgan Grenfell in London.

■ The New Zealand dollar rose on the re-iteration by Mr Bill Birch, the finance minister, of the government's commitment to a 0-2 per cent inflation target. There had been some concern that this target might be interpreted more flexibly than in the past.

Mr Mike Gallagher, director at IDEA, the financial markets consultancy said markets were also starting to anticipate the Reserve Bank's monetary policy statement later this month. There is some expectation of higher interest rates.

The French franc's gyrations followed a newspaper report predicting that a cabinet reshuffle was imminent. Recent opinion polls suggesting Mr Juppe is unpopular have lent some credence to this speculation.

■ OTHER CURRENCIES

Mar 14	£	$
Czech Rp	41.3775 - 41.4083	27.1470 - 27.1570
Hungary	217.275 - 217.422	142.550 - 142.600
Iran	4574.10 - 4572.60	3000.00 - 3000.00
Kuwait	0.4553 - 0.4562	0.2987 - 0.2992
Poland	3.9180 - 3.9208	2.5705 - 2.5715
Russia	7352.74 - 7359.73	4824.00 - 4827.00
U.A.E.	5.5976 - 5.6002	3.6725 - 3.6730

POUND SPOT FORWARD AGAINST THE POUND

Mar 14		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.7701	+0.0002	628 - 774	15.7851	15.7618	15.7401	2.8	15.6576	2.9	-	-	106.0
Belgium	(BFr)	46.0994	-0.0079	813 - 174	46.1500	46.0430	45.9944	2.7	45.7844	2.7	44.8744	2.7	108.3
Denmark	(DKr)	8.6680	+0.0021	643 - 717	8.6783	8.6582	8.6556	1.7	8.632	1.7	8.5391	1.5	108.2
Finland	(FM)	7.0263	+0.0442	194 - 331	7.0440	6.9780	7.0219	0.8	7.0138	0.7	-	-	83.4
France	(FFr)	7.6858	+0.0001	841 - 874	7.6940	7.6682	7.6733	2.0	7.651	1.8	7.5561	1.7	105.8
Germany	(DM)	2.2423	+0.0001	413 - 433	2.2462	2.2307	2.2372	2.7	2.2272	2.7	2.1823	2.7	110.4
Greece	(Dr)	367.530	+0.048	363 - 697	368.408	365.932	-	-	-	-	-	-	66.3
Ireland	(I£)	0.9695	+0.0001	687 - 702	0.9702	0.9687	0.9687	1.0	0.9675	0.8	0.9625	0.7	97.5
Italy	(L)	2389.44	+3.26	842 - 046	2396.97	2385.92	2397.59	-4.1	2412.34	-3.8	2465.89	-3.2	73.5
Luxembourg	(LFr)	46.0994	-0.0079	813 - 174	46.1500	46.0430	45.9944	2.7	45.7844	2.7	44.8744	2.7	108.3
Netherlands	(Fl)	2.5101	-0.0013	091 - 110	2.5180	2.5081	2.5042	2.8	2.4922	2.9	2.4405	2.8	108.5
Norway	(NKr)	9.7665	+0.0128	591 - 738	9.7752	9.7389	9.7584	1.2	9.7385	1.2	9.6455	1.2	99.0
Portugal	(Es)	231.846	+0.197	709 - 983	232.592	231.646	232.271	-2.2	233.176	-2.3	-	-	95.5
Spain	(Pta)	188.445	-0.114	376 - 514	188.651	188.133	188.865	-2.7	189.65	-2.6	192.38	-2.1	82.2
Sweden	(SKr)	10.3398	+0.0059	245 - 491	10.3549	10.2609	10.3393	-0.2	10.3373	-0.1	10.3428	-0.1	88.9
Switzerland	(SFr)	1.8086	-0.0027	077 - 094	1.8129	1.8077	1.8022	4.2	1.7894	4.2	1.735	4.1	114.9
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	89.2
Ecu	-	1.2140	+0.0006	135 - 144	1.2180	1.2125	1.2127	1.3	1.2097	1.4	1.1969	1.4	-
SDR†	-	1.040000	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5242	+0.001	239 - 245	1.5250	1.5222	-	-	-	-	-	-	-
Brazil	(R$)	1.5049	+0.0029	045 - 052	1.5057	1.5030	-	-	-	-	-	-	-
Canada	(C$)	2.0859	+0.0027	851 - 866	2.0889	2.0829	2.0846	0.7	2.0825	0.7	2.0771	0.4	83.9
Mexico	(New Peso)	11.5210	-0.034	153 - 267	11.5486	11.5016	-	-	-	-	-	-	-
USA	($)	1.5245	+0.0011	242 - 247	1.5255	1.5227	1.5237	0.6	1.522	0.6	1.5153	0.6	85.8
Pacific/Middle East/Africa													
Australia	(A$)	1.9677	-0.0009	667 - 686	1.9698	1.9627	1.9701	-1.5	1.9748	-1.4	1.9980	-1.8	90.3
Hong Kong	(HK$)	11.7886	+0.0069	839 - 893	11.7929	11.7736	11.78	0.7	11.7707	0.6	11.7497	0.3	-
India	(Rs)	51.9076	+0.2407	466 - 686	52.0665	51.7466	-	-	-	-	-	-	-
Israel	(Shk)	4.7129	+0.0079	083 - 174	4.7174	4.7067	-	-	-	-	-	-	-
Japan	(Y)	160.578	+0.164	483 - 673	160.680	160.160	159.828	5.6	158.345	5.6	151.985	5.4	137.8
Malaysia	(M$)	3.8698	-0.0047	684 - 712	3.8755	3.8661	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.2082	-0.0205	060 - 104	2.2306	2.2044	2.214	-2.8	2.2229	-2.5	2.2566	-2.1	107.8
Philippines	(Peso)	39.8672	-0.0081	273 - 471	39.9471	39.8273	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.7172	+0.0037	159 - 184	5.7208	5.7109	-	-	-	-	-	-	-
Singapore	(S$)	2.1445	+0.0014	433 - 458	2.1458	2.1427	-	-	-	-	-	-	-
South Africa	(R)	6.0216	+0.0719	168 - 264	6.0267	5.9425	-	-	-	-	-	-	-
South Korea	(Won)	1190.05	+1.43	979 - 033	1190.81	1189.48	-	-	-	-	-	-	-
Taiwan	(T$)	41.9217	+0.0289	140 - 293	41.9497	41.8743	-	-	-	-	-	-	-
Thailand	(Bt)	38.4619	+0.0417	403 - 834	38.4834	38.4130	-	-	-	-	-	-	-

† Rates for Mar 13. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 14		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	10.3448	-0.007	417 - 479	10.3640	10.3370	10.3288	1.9	10.2973	1.8	10.1748	1.6	105.9
Belgium	(BFr)	30.2400	-0.026	200 - 600	30.3050	30.2160	30.187	2.1	30.083	2.1	29.615	2.1	107.8
Denmark	(DKr)	5.6860	-0.0025	845 - 875	5.6972	5.6775	5.6809	1.1	5.6715	1.0	5.6935	-0.1	108.3
Finland	(FM)	4.6091	+0.0259	053 - 128	4.6248	4.5764	4.6046	1.2	4.5961	1.1	4.5796	0.6	82.9
France	(FFr)	5.0417	-0.0015	414 - 419	5.0518	5.0290	5.0362	1.3	5.0274	1.1	4.9857	1.1	109.1
Germany	(DM)	1.4709	-0.0009	706 - 713	1.4743	1.4695	1.4685	2.0	1.4634	2.1	1.4402	2.1	109.7
Greece	(Dr)	241.090	-0.136	020 - 160	241.790	239.980	242.665	-7.8	245.915	-8.0	260.59	-8.1	65.7
Ireland	(I£)	1.5725	+0.001	715 - 735	1.5736	1.5705	1.5728	-0.2	1.573	-0.1	1.567	0.3	-
Italy	(L)	1567.41	+1.06	700 - 782	1573.64	1565.86	1573.76	-4.9	1585.51	-4.6	1636.41	-4.4	73.1
Luxembourg	(LFr)	30.2400	-0.026	200 - 600	30.3050	30.2160	30.188	2.1	30.1	1.9	29.795	1.5	107.8
Netherlands	(Fl)	1.6466	-0.002	462 - 469	1.6505	1.6454	1.6436	2.2	1.6371	2.3	1.6149	1.9	107.7
Norway	(NKr)	6.4066	+0.004	028 - 105	6.4191	6.3864	6.4043	0.4	6.3951	0.7	6.3791	0.4	96.1
Portugal	(Es)	152.085	-0.015	020 - 150	153.130	151.960	152.46	-3.0	153.23	-3.0	156.835	-3.1	95.8
Spain	(Pta)	123.615	-0.16	590 - 640	123.860	123.520	124.01	-3.8	124.745	-3.7	128.235	-3.7	81.7
Sweden	(SKr)	6.7787	-0.0006	737 - 837	6.7950	6.7415	6.7957	-3.0	6.8252	-2.7	6.9627	-2.7	88.3
Switzerland	(SFr)	1.1864	-0.0026	860 - 867	1.1894	1.1858	1.1823	4.1	1.1752	3.8	1.1445	3.5	114.0
UK	(£)	1.5245	+0.0011	242 - 247	1.5255	1.5227	1.5237	0.6	1.522	0.6	1.5153	0.6	82.5
Ecu	-	1.2558	-	555 - 560	1.2574	1.2535	1.2561	-0.3	1.2566	-0.2	1.2571	-0.1	-
SDR†	-	0.68290	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9998	-	998 - 999	0.9999	0.9995	-	-	-	-	-	-	-
Brazil	(R$)	0.9872	+0.0011	871 - 872	0.9875	0.9862	-	-	-	-	-	-	-
Canada	(C$)	1.3683	+0.0006	680 - 685	1.3705	1.3668	1.3681	0.1	1.3684	0.0	1.3712	-0.2	83.2
Mexico	(New Peso)	7.5575	-0.0275	550 - 600	7.5820	7.5520	7.5598	-0.4	7.5629	-0.3	7.5678	-0.1	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	96.4
Pacific/Middle East/Africa													
Australia	(A$)	1.2907	-0.0015	903 - 912	1.2912	1.2903	1.2927	-1.9	1.2962	-1.7	1.3149	-1.9	91.5
Hong Kong	(HK$)	7.7317	-0.0008	312 - 322	7.7322	7.7312	7.7324	-0.1	7.7342	-0.1	7.7612	-0.4	-
India	(Rs)	34.0500	+0.1345	500 - 600	34.1500	33.8500	34.2	-5.3	34.505	-5.3	35.975	-5.7	-
Israel	(Shk)	3.0915	+0.008	890 - 940	3.0940	3.0890	-	-	-	-	-	-	-
Japan	(Y)	105.335	+0.035	290 - 380	105.490	105.150	104.86	5.4	104.025	5.0	100.32	4.8	138.4
Malaysia	(M$)	2.5385	-0.0046	380 - 390	2.5436	2.5380	2.5394	-0.4	2.5455	-1.1	2.569	-1.2	-
New Zealand	(NZ$)	1.4491	-0.0144	486 - 497	1.4497	1.4486	1.4522	-2.6	1.458	-2.5	1.4826	-2.3	-
Philippines	(Peso)	26.1650	-0.02	300 - 000	26.2000	26.1300	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7503	-0.0002	501 - 505	3.7505	3.7501	3.7509	-0.1	3.7518	-0.1	3.7548	-0.1	-
Singapore	(S$)	1.4067	-0.0001	062 - 072	1.4075	1.4062	1.4032	3.0	1.3972	2.7	1.3717	2.5	-
South Africa	(R)	3.9500	+0.0445	475 - 525	3.9590	3.8965	3.9788	-8.7	4.0303	-8.1	4.2535	-7.7	-
South Korea	(Won)	780.650	+0.4	600 - 700	781.100	780.500	783.65	-4.6	787.15	-3.3	805.65	-3.2	-
Taiwan	(T$)	27.4995	-	990 - 000	27.5000	27.4990	27.5195	-0.9	27.5595	-0.9	-	-	-
Thailand	(Bt)	25.2300	+0.01	200 - 400	25.2400	25.2170	25.3287	-4.7	25.5325	-4.8	26.415	-4.7	-

† SDR rate per $ for Mar 13. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Mar 13: Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

March 14	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.00	3.00	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.00	3.00	-
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.80	-	5.60
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.80	-	5.60
Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	3.00	3.30
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	3.00	3.30
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.25
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.25
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	9.00	9.87
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	9.00	9.89
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.00	3.30
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.00	3.30
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	1.50	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	1.50	-
US	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.00	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.00	-
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
US Dollar CDs	-	5.10	5.16	5.24	5.47	-	-	-
week ago	-	5.10	4.88	4.91	4.99	-	-	-
ECU Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
SDR Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Mar 14	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible] - 4	[illegible] - 4	[illegible] - 4	[illegible]	[illegible]	[illegible]
Portuguese Esc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling	[illegible]	[illegible]	[illegible] - 6	[illegible]	[illegible] - 6	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2 - [illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible] - 2	[illegible]	[illegible]	[illegible]	[illegible]

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate (FFr5m)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.74	95.73	-0.01	95.75	95.72	10,002	38,771
Jun	95.63	95.60	-0.04	95.65	95.59	19,579	49,456
Sep	95.56	95.51	-0.06	95.57	95.51	5,972	47,710

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.67	96.65	-0.02	96.68	96.64	24958	127235
Jun	96.76	96.76	-	96.78	96.73	33565	219892
Sep	96.60	96.60	+0.01	96.62	96.57	23729	216885
Dec	96.30	96.30	+0.02	96.32	96.25	21121	172747

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	90.19	90.18	-0.01	90.22	90.15	3992	25913
Jun	90.72	90.74	+0.02	90.78	90.63	12240	33628
Sep	90.98	91.04	+0.04	91.04	90.95	3062	18457
Dec	91.00	91.06	+0.04	91.06	90.96	1034	14419

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	98.22	98.21	-	98.23	98.20	1382	17050
Jun	98.18	98.19	+0.01	98.21	98.17	4032	25292
Sep	97.99	98.02	+0.02	98.04	97.99	1072	13081
Dec	97.73	97.74	+0.02	97.75	97.70	622	10926

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.35	95.35	-	95.35	95.34	749	5770
Jun	95.42	95.45	+0.02	95.45	95.42	1141	7087
Sep	95.32	95.33	+0.03	95.34	95.31	204	3265
Dec	95.05	95.07	+0.03	95.07	95.05	28	3199

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9000	0.20	0.90	1.25	0.02	0.16	0.21
9025	0.04	0.71	1.05	0.11	0.22	0.26
9050	0.01	0.52	0.87	0.33	0.28	0.33

Est. vol. total, Calls 800 Puts 0. Previous day's open int., Calls 28733 Puts 22207

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar 14		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.81	16.67	4.864	2.102	5183	5.446	21.19	502.9	408.8	22.41	3.923	2.170	4.526	3.309	348.4	2.694
Denmark	(DKr)	53.17	10	8.866	2.587	1.118	2756	2.896	11.27	267.4	217.4	11.92	2.086	1.154	2.407	1.759	185.3	1.401
France	(FFr)	59.97	11.28	10	2.917	1.261	3109	3.266	12.71	301.6	245.2	13.44	2.353	1.301	2.714	1.984	209.0	1.580
Germany	(DM)	20.56	3.866	3.428	1	0.432	1066	1.120	4.356	103.4	84.03	4.607	0.806	0.446	0.930	0.680	71.63	0.541
Ireland	(I£)	47.56	8.945	7.931	2.314	1	2465	2.590	10.08	239.2	194.4	10.66	1.866	1.032	2.153	1.574	165.7	1.253
Italy	(L)	1.929	0.363	0.322	0.094	0.041	100.	0.105	0.409	9.703	7.885	0.432	0.076	0.042	0.087	0.064	6.722	0.051
Netherlands	(Fl)	18.36	3.453	3.062	0.893	0.386	951.8	1	3.891	92.35	75.06	4.116	0.720	0.398	0.831	0.608	63.98	0.484
Norway	(NKr)	47.19	8.876	7.869	2.296	0.992	2446	2.570	10	237.4	192.9	10.58	1.851	1.024	2.136	1.562	164.4	1.243
Portugal	(Es)	19.88	3.739	3.315	0.967	0.418	1031	1.083	4.213	100.	81.28	4.456	0.780	0.431	0.900	0.658	69.28	0.524
Spain	(Pta)	24.46	4.601	4.079	1.190	0.514	1268	1.332	5.184	123.0	100.	5.483	0.960	0.531	1.107	0.809	85.24	0.644
Sweden	(SKr)	44.62	8.391	7.439	2.170	0.938	2313	2.430	9.454	224.4	182.4	10	1.750	0.968	2.019	1.476	155.5	1.175
Switzerland	(SFr)	25.49	4.794	4.251	1.240	0.536	1321	1.388	5.402	128.2	104.2	5.713	1	0.553	1.154	0.843	88.83	0.671
UK	(£)	46.09	8.668	7.686	2.242	0.969	2389	2.510	9.766	231.8	188.4	10.33	1.808	1	2.086	1.525	160.6	1.214
Canada	(C$)	22.09	4.155	3.684	1.075	0.465	1145	1.203	4.682	111.1	90.32	4.952	0.867	0.479	1	0.731	76.99	0.582
US	($)	30.22	5.684	5.039	1.470	0.636	1567	1.646	6.404	152.0	123.5	6.774	1.186	0.656	1.368	1	105.3	0.796
Japan	(Y)	28.70	5.397	4.785	1.396	0.603	1488	1.563	6.081	144.3	117.3	6.432	1.126	0.623	1.299	0.950	100.	0.756
Ecu		37.97	7.140	6.330	1.847	0.798	1968	2.068	8.044	190.9	155.2	8.509	1.489	0.824	1.718	1.256	132.3	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6796	0.6796	-0.0002	0.6806	0.6793	6,712	34,233
Jun	0.6831	0.6833	+0.0001	0.6839	0.6825	18,918	43,491
Sep	-	0.6868	-	-	-	56	2,022

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.9526	0.9499	-0.0019	0.9526	0.9499	11,030	24,025
Jun	0.9636	0.9612	-0.0022	0.9637	0.9612	16,655	48,046
Sep	0.9745	0.9735	-0.0014	0.9745	0.9736	21	1,141

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.8431	0.8425	+0.0008	0.8436	0.8420	2,148	17,454
Jun	0.8491	0.8502	+0.0008	0.8512	0.8485	11,432	25,079
Sep	-	0.8579	+0.0010	0.8581	-	36	418

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.5260	1.5240	+0.0008	1.5260	1.5232	2,179	29,112
Jun	1.5218	1.5218	+0.0010	1.5228	1.5206	6,110	31,483
Sep	-	1.5200	+0.0012	1.5200	-	3	24

UK INTEREST RATES

LONDON MONEY RATES

Mar 14	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills	-	-	[illegible]	[illegible]	-	-
Bank Bills	-	-	[illegible]	[illegible]	[illegible]	-
Local authority deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Market deps	[illegible]	[illegible]	-	-	-	-

UK clearing bank base lending rate 6 per cent from March 8, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2½	5½	5	5	4¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc. Ave. tender rate of discount on Mar 8, 5.8079pc. ECGD fixed rate Stg. Export Finance. Make up day Feb 29, 1996. Agreed rate for period Mar 26, 1996 to Apr 25, 1996, Schemes II & III 7.48pc. Reference rate for period Feb 1, 1996 to Feb 29, 1996, Schemes IV & V 6.236pc. Finance House Base Rate 6.5pc from March 1, 1996

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.86	93.87	+0.01	93.87	93.84	5841	54473
Jun	93.98	93.97	-	94.00	93.95	9827	78877
Sep	93.78	93.80	+0.02	93.84	93.75	10403	57858
Dec	93.46	93.49	+0.03	93.53	93.41	11360	48490
Mar	93.05	93.10	+0.03	93.13	93.04	3267	33115

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9375	0.13	0.29	0.34	0.01	0.07	0.29
9400	0.01	0.13	0.20	0.14	0.16	0.40
9425	0	0.04	0.12	0.39	0.32	0.57

Est. vol. total, Calls 3270 Puts 2592. Previous day's open int., Calls 161087 Puts 169657

EMS EUROPEAN CURRENCY UNIT RATES

Mar 14	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Spain	162.493	158.872	-0.164	-2.23	5.50	16
Netherlands	2.15214	2.11607	-0.00125	-1.68	4.90	12
Belgium	39.3960	38.8585	-0.0284	-1.36	4.58	10
Austria	13.4383	13.2942	-0.0068	-1.07	4.28	8
Germany	1.91007	1.89019	-0.00105	-1.04	4.28	10
Portugal	195.792	195.512	-0.051	-0.14	3.28	1
Denmark	7.28580	7.30633	-0.00451	0.27	2.87	-2
France	6.40608	6.47988	+0.00159	1.15	1.97	-10
Ireland	0.792214	0.817125	-0.000566	3.14	0.00	-21
NON ERM MEMBERS						
Greece	292.867	308.908	-0.073	5.82	-2.55	-
Italy	2106.15	2017.70	+0.61	-4.20	7.67	-
UK	0.786652	0.843171	-0.000333	7.18	-3.77	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Mar	CALLS Apr	CALLS May	PUTS Mar	PUTS Apr	PUTS May
1.500	2.31	2.52	2.99	0.08	0.27	0.80
1.510	1.32	1.83	2.38	0.05	0.53	1.15
1.520	0.48	1.22	1.82	0.11	0.91	1.58
1.530	0.04	0.75	1.35	0.33	1.45	2.12
1.540	-	0.42	0.97	0.98	2.12	2.69
1.550	-	0.21	0.68	1.45	2.84	3.35

Previous day's vol., Calls 5,233 Puts 3,177 . Prev. day's open int., Calls 191,682 Puts 207,341

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	94.61	94.61	-	94.61	94.60	32,454	272,636
Jun	94.59	94.60	+0.02	94.63	94.57	56,394	393,451
Sep	94.46	94.48	+0.02	94.52	94.45	35,810	328,408

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	95.09	95.09	-	95.09	95.09	154	3,270
Jun	95.09	95.09	+0.02	95.12	95.08	944	8,607
Sep	94.98	94.95	+0.03	94.98	94.95	325	2,625

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Mar	CALLS Apr	CALLS May	CALLS Jun	PUTS Mar	PUTS Apr	PUTS May	PUTS Jun
9650	0.16	0.27	0.28	0.31	0.01	0.02	0.03	0.06
9675	0.01	0.08	0.11	0.14	0.11	0.08	0.11	0.14
9700	0	0.01	0.03	0.05	0.35	0.26	0.28	0.30

Est. vol. total, Calls 12344 Puts 10100. Previous day's open int., Calls 405684 Puts 382020

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9800	0.21	0.29	0.27	0	0.10	0.25
9825	0.02	0.13	0.15	0.06	0.19	0.38
9850	0	0.05	0.07	0.29	0.39	0.55

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 8230 Puts 4674

BASE LENDING RATES

	%		%		%
Adam & Company	6.00	Duncan Lawrie	6.00	Royal Bk of Scotland	6.00
Allied Trust Bank	6.00	Exeter Bank Limited	7.25	●Singer & Friedlander	6.00
AIB Bank	6.00	Financial & Gen Bank	7.00	●Smith & Williamson Secs.	6.00
●Henry Ansbacher	6.00	●Robert Fleming & Co	6.00	TSB	6.25
Bank of Baroda	6.00	Girobank	6.00	United Bank of Kuwait	6.00
Banco Bilbao Vizcaya	6.00	●Guinness Mahon	6.25	Unity Trust Bank Plc	6.00
Bank of Cyprus	6.00	Habib Bank AG Zurich	6.00	Western Trust	6.00
Bank of Ireland	6.00	●Hambros Bank	6.00	Whiteaway Laidlaw	6.00
Bank of India	6.00	Heritable & Gen Inv Bk.	6.00	Yorkshire Bank	6.00
Bank of Scotland	6.25	●Hill Samuel	6.00		
Barclays Bank	6.00	C. Hoare & Co	6.00		
Brit Bk of Mid East	6.00	Hongkong & Shanghai	6.00		
●Brown Shipley & Co Ltd	6.00	Julian Hodge Bank	6.25		
Citibank NA	6.00	●Leopold Joseph & Sons	6.00		
Clydesdale Bank	6.00	Lloyds Bank	6.00		
The Co-operative Bank	6.00	Meghraj Bank Ltd	6.00		
Coutts & Co	6.00	Midland Bank	6.00		
Credit Lyonnais	6.00	* Mount Credit Corp	6.25		
Cyprus Popular Bank	6.25	NatWestminster	6.00		
		●Rea Brothers	6.00		

● Members of London Investment Banking Association
* In administration

APPOINTMENTS

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

[illegible]

BANKS, MERCHANT

[illegible]

BANKS, RETAIL

[illegible]

BREWERIES, PUBS & REST

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING - Cont.

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

EXTRACTIVE INDUSTRIES - Cont.

[illegible]

EXTRACTIVE INDUSTRIES - Cont.

[illegible]

FOOD PRODUCERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HEALTH CARE - Cont.

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

Approved by the Inland Revenue

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

INV TRUSTS SPLIT CAPITAL

Approved by the Inland Revenue

[illegible]

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هكذا من الأصل

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

OIL, EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER FINANCIAL - Cont.

[illegible]

PAPER, PACKAGING & PRINTING

[illegible]

PHARMACEUTICALS

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

RETAILERS, GENERAL - Cont.

[illegible]

SUPPORT SERVICES

[illegible]

SUPPORT SERVICES - Cont.

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

AIM

[illegible]

AIM - Cont.

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	52 week low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barlow		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gold Flds Prop R		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MK Props		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SASOL		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SA Brews		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Standard Bank		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tiger Oats		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tongaat-Hulett		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Extel, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ♦ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †‡ Rule 4.2(a) Irish incorporated non-listed companies.
- Price at time of suspension
- Indicated dividend yield after pending scrip and/or rights issue.
- Merger bid or reorganisation in progress
- Forecast dividend yield, p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend b Figures based on prospectus or other official estimates. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. o Rights issue pending q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings v P/e ratios are calculated under new ACT guidelines. z Dividend yield includes a special payment F Yield based on prospectus or other official estimates for 1994-95. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1995. K Yield based on prospectus or other official estimates for 1996 L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1995-96. R Forecast annualised yield, p/e based on prospectus or other official estimates. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; x§ ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1350 a year for each security shown, subject to the Editor's discretion

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Call 0171 873 4378 for more information on FT Cityline.

For readers phoning from outside UK, please dial +44 in place of the first 0.

The share prices printed on these pages are also available on the Internet at www.FT.com.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Currency Funds Ltd

Jupiter Tyndall (Bermuda) Ltd

BERMUDA (REGULATED)(**)

Bermuda Intl Invest Mgmt Ltd

Butterfield Management Co Ltd

GUERNSEY (SIB RECOGNISED)

AIB Investment Managers (Guernsey) Ltd

Adams & Neville Fd Mangt (Guernsey) Ltd

Guinness Flight Fd Mngrs (Guernsey) Ltd

Kleinwort Benson Intl Fd Mngrs Ltd

Lazard Freres Asset Management (CI) Ltd

Lazard Fund Mngrs (Channel Islands) Ltd

Lloyds Intl Money Market Fund Ltd

M & G (Guernsey) Ltd

Prudential Fund Managers (Guernsey) Ltd

Rothschild Asset Management (CI) Ltd

Royal Bk of Canada O/S Fd Mgrs Ltd

Royal Bk of Canada O/S Fd Mgrs Ltd - Contd.

Sarasin Funds Mngmt (Guernsey) Ltd

Schroder Investment Mngmt (Guernsey) Ltd

GUERNSEY (REGULATED)(**)

ANZ Mngmt Co (Guernsey) Ltd

Lazard Fund Managers (CI) Ltd

Lazard Freres Asset Management (CI) Ltd

Lloyds Bank Fund Managers (Guernsey) Ltd

Merrill Lynch Guernsey

Royal Bank of Canada Intl Money Market Fd

Schroder Investment Mngmt (Guernsey) Ltd

IRELAND (SIB RECOGNISED)

AIB Fund Management Ltd

Guinness Flight Select Funds Plc

Hambros Fund Managers (Ireland) Ltd

Henderson Crosthwaite Investment Co

LGT Asset Management Ltd

IRELAND (REGULATED)(**)

AIB Fund Management Ltd

Chemical Ireland Fund Administrators Ltd

Citi Investment Fund (Ireland)

Citizens Investment Trust Mngt Company

Daiwa Europe Fund Managers Ireland Ltd

Dragon Korea Fund Plc

Dresdner Kleinwort Benson Int Mgt Services Ltd

Dynamic Pacific Portfolio Fund Plc

East Asia Hanson Ireland Ltd

Egerton Capital European Fund Plc

ISLE OF MAN (SIB RECOGNISED)

Ashburton Global Funds Ltd (1200)

Bank of Ireland Asset Mngmt (IOM) Ltd

CMI Fund Managers (IoM)

Mercury Fund Managers IoM Ltd

Quilter Intl Mngt (IoM) Ltd

Sun Life Management (IoM) Ltd

Ulster Bank Global Funds Plc

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

John Govett Management (Jersey) Ltd

INVESCO International Limited

Jupiter Tyndall (Jersey) Ltd

Lloyds Private Banking (CI) Ltd

Lombard Odier (Jersey) Ltd

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

E.T. Investment Management Ltd

Eagle Star – Global Assets Fund (u)

Eglaton Global SICAV (u)

EquiFund–Wright National Eqty Fd (u) (x)

Nikko Capital Management

Nomura Global Fund (u)

PRICOA Worldwide Inv Portfolio Sicav (u)

Rothschild Asset Management

S–E–Banken Luxembourg SA

LUXEMBOURG (REGULATED)(**)

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FT MANAGED FUNDS SERVICE

• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Murray Universal, Sicav

Pacific Basin Growth Fund

Pictet Group

River & Mercantile Latin American SICAV

Rosenberg Global Mngt Co SA

Scudder, Stevens & Clark

Swiss Bank Corporation

Europa Value Fund

The Dragon Fund Sicav

Emerging Markets Company Fund SICAV

Fidelity Intl Inv Mngt (Luxembourg) SA

The First Korea Smaller Companies Fund

Foreign & Colonial Emerging Markets Ltd

Global Futures & Options SICAV

Merrill Lynch Asset Management

Murray Trust SICAV

Morgan Stanley Sicav

CMI Insurance Co Ltd

Royal Life International

Equitable Life

Friends Provident International

Irish Life International Ltd

Lombard International Group

Old Mutual International

Professional Investment Consultants

Buchanan Capital Management Ltd

CA Securities Investment Fund Mangt Ltd

Chescor Indian Investment Company Ltd

The China Invest & Development Fd Ltd

Coutts Asset Management Corporation

OTHER OFFSHORE FUNDS

ATRP Management Ltd

AXA Asset Management

Adig Investment

Alpine Fund Management

Asia Pacific Capital Strategies Fund

Aurora Convertibles & Income Fd (Cayman)

Banco do Brasil-BB Fund

Bank of America

Barclays Diversified Fund

Bermuda Fund Managers Ltd

Bankers Trust Inv Mgmt (Ireland) Ltd

Global Asset Management - Contd.

Gartmore Investment Fund (Cayman)

Hill Samuel Fund Managers

Johnson Fry Securities

Jupiter Tyndall (Bermuda) Ltd

Kingsway Global Fund Ltd

Lloyd George Management

Lloyds Bank Government Bonds

London Portfolio Services Group

MBI Unit Trust Managers Limited

MFS Meridian Funds

Marathon Growth Fund

Prospect Asset Management (CI) Ltd

Quantum Group

Regent Kingpin Capital Management Ltd

Republic Funds

Rothschild Asset Management

Scudder, Stevens & Clark Inc

Sedgwick Fund Managers (Bermuda) Ltd

Smith Barney Funds

Société Générale Group

TIS Group Managers Ltd

Templeton Galbraith & Hansberger Ltd

The Thailand Fund

Trans Global Funds Group

Ultra Fund

Wells Fargo U.S. Funds

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

Allied Dunbar International Assce Ltd

MANAGED FUNDS NOTES

The fund prices on these pages are also available on the Internet at www.FT.com

LONDON STOCK EXCHANGE

MARKET REPORT

Revived bid hints and Dow advance lift shares

By Steve Thompson,
UK Stock Market Editor

The return of domestic takeover speculation, a spate of encouraging corporate results and another promising showing from the US stock market saw shares in London race ahead yesterday.

The FT-SE 100-share index ended the session a net 41.5 up at 3,681.8, while the FT-SE Mid 250 index delivered a solid, if sedate, performance, finishing 3.0 points ahead at 4,232.9.

Such was the momentum displayed towards the close that some UK traders were speculating on London ending higher on the week, despite Monday and Tuesday's falls.

Such a prospect would have seemed extraordinary on Monday, when dealers were bracing themselves for a big sell-off, which some of the market's more nervous operators thought could have approached the decline of 1994 and, as the panic-stricken thought, that of 1987.

The FT-SE 100 staged a strong and sustained advance throughout the day, with pockets of profit-taking being shrugged aside as stock market bulls became increasingly confident. The takeover rumours, which had mostly been on the back burner this week, revived yesterday and were focused sharply on Zeneca and Ladbroke.

Activity in the former ballooned yesterday, with the shares featuring prominently in the Footsie performance table and the options attracting exceptionally heavy business. Dealers said the market had revived the old story that Roche, the Swiss drugs group, was about to launch an offer for the group, one of the few remaining top quality international drugs companies.

The day's other keen bid story, and one that, as in the case of Zeneca, has been around for many months, pointed at Ladbroke, the hotels to betting offices group. Its shares rocketed on revived suggestions that either Bass, one of the UK's leading brewers, or Hilton International, of the US, was about to pounce with an offer.

Other long-standing takeover stories being revived by hungry stockbrokers yesterday included Royal Bank of Scotland and Standard Chartered. Although the shares were unchanged yesterday, Cable and Wireless remained, dealers said, one of the market's favoured bid candidates after the recent news about the failed attempts at a tie-up with BT.

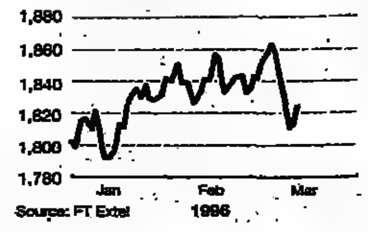
London began the session in good form and built on an initial 13-point gain. The Footsie closed at the day's best, only 18.2 off the 3,700 mark.

Wall Street gave a positive response to the day's economic news, which included a surprise fall in producer prices in February. The Dow Jones Industrial Average was more than 40 points higher for much of the early trading session, and standing just below that figure 90 minutes after London closed.

Today brings the expiry of the FT-SE 100 and Mid 250 futures and options; some dealers were speculating that at least one leading securities house was looking to drive the market lower ahead of the expiries.

Turnover at 6pm topped the 1bn-share mark, reaching 1.05bn shares, with at least three trading programmes said to have been executed yesterday. Customer business on Wednesday was worth £1.96bn.

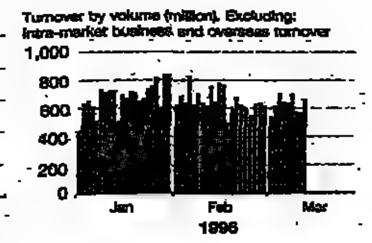
FT-SE-A All-Share Index



Source: FT Extel

Equity shares traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Indices and ratios

FT-SE 100	3681.8	+41.5
FT-SE Mid 250	4232.9	+3.0
FT-SE-A 350	1847.9	+16.6
FT-SE-A All-Share	1826.73	+15.49
FT-SE-A All-Share yield	3.84	(3.87)

FT Ordinary index	2758.2	+21.6
FT-SE-A Non Fins p/e	17.03	(16.93)
FT-SE 100 Fut Mar	3670.0	+41.0
10 yr Gilt yield	8.08	(8.13)
Long gilt/equity yld ratio:	2.20	(2.19)

Best performing sectors

1. Oil Exploration .... +4.0
2. Household Goods .... +3.4
3. Pharmaceuticals .... +2.3
4. Banks, Retail .... +2.0
5. Tobacco .... +2.0

Worst performing sectors

1. Banks, Merchant .... -2.3
2. Distributors .... -0.9
3. Property .... -0.4
4. Breweries, Pubs & Rest. .... -0.3
5. Textiles & Apparel .... -0.3

Review fear hits powers

National Power was London's most heavily traded stock. One institution, seemingly nervous about the outcome of the forthcoming monopoly review, bailed out to the tune of 15m shares.

The block of stocks, amounting to some 1.3 per cent of the privatised generator, was placed with one leading UK marketmaker at 459p a share, a big discount to the prevailing price. The shares were successfully sold on, resulting in net turnover of 31m shares by the close of trading.

The generators are keen to own electricity companies to protect their earnings. Next week the Monopolies and Mergers Commission is to make a submission on the generators to the Department of Trade and Industry. The results should be revealed by the end of the month and any investor nervous about stringent ownership conditions being imposed might want to offload stock beforehand.

National Power slipped 3 to 465½p and PowerGen fell in its wake to close 5 off at 509p.

Ladbroke surges

Hotels and gaming group Ladbroke shot forward in afternoon trade, helped by rumours of big overseas investment in the UK hotels industry.

Leisure sector specialists said Thistle Hotels, the former Mount Charlotte Investments and the UK's second biggest hotel group, could receive significant investment from the government of Singapore.

The cash is expected to be poured into Brierley Investments, which has a majority stake in Thistle. Speculation of an increased shareholding in Thistle helped all the hotel groups, but for Ladbroke there was further impetus from old rumour that Bass might be interested in making a bid. Ladbroke jumped 12 to 189p, while Bass slipped 7 to 742p.

However, it was announced later in the afternoon that Mr David Jarvis, the chief executive of Ladbroke's Hilton Hotels, had bought shares. A director is not allowed to purchase stock if he has knowledge of a prospective bid.

Elsewhere, Granada added 14 at 734p and Queens Moat Houses ¾ at 20¼p. New arrival McDonalds Hotels got off to a cracking start. The shares, offered by Cazenove at 145p, opened significantly higher on their first day of trading and ended at 180p.

Spirits mixed

Two of the three wines and spirits leaders moved ahead smartly, in spite of disappointing results from Seagram.

Hit by price pressures and a heavier marketing spend, the Canadian drinks giant turned in a 16 per cent decline in fourth-quarter operating profits from wines and spirits. Allied Domecq came off 5 to 497p in 11m traded, but Grand Metropolitan steamed ahead by 9 to 430p and Guinness put on 3½ at 467½p.

GrandMet was partly bolstered by the news of a Burger King marketing deal in Japan. Guinness, a strong performer lately on share buyback talk ahead of next week's results statement, traded 16m shares. There was talk of big options positions being unwound.

Regent Inns, buoyed lately by takeover talk, leapt 34 to a new high of 955p and rival pubs group Wetherspoon rose 7 to 746p.

Enterprise Oil was the market's star turn yesterday, the shares jumping 33 to 420p on turnover of 19m.

The motor for the rise was an exceptionally well presented meeting with analysts – the first for several years – and a set of results that delighted investors.

Enterprise's profits were at the top of the range of forecasts, but the most enthusiastically received part of the presentation was the comment, backed up by solid argument, that the company had the prospect of doubling its reserves.

Analysts said the company had previously appeared to have lost its way and, with the abortive bid for Lasmo, had signalled it needed to buy into oil because it could no longer find it.

"Enterprise demonstrated that it was back on track," said one analyst. The shares were further helped by a strong oil price and rumbling bid optimism within the sector.

Ever present bid target Zeneca forged ahead 58 to 1402p, within a whisker of its all-time high.

There was no new twist to the old speculation that either Roche, of Switzerland, or Glaxo Wellcome are keen to join forces with Zeneca. But a rumour whipped through the trading desks in the morning that a bid would be announced at 2.30pm and that was enough to push the shares higher.

The only surprising thing about Reckitt & Colman's full-year figures was the effect they had on the share price. Profits of £285.1m were at the low end of expectations, and a few analysts were shaving current year estimates. But the shares jumped 34 to 655p.

Reckitt has fallen almost a pound since the start of the year and dealers said any positive signals were bound to squeeze up the price of the tightly traded stock.

Mirror Group gained 11 at 225p, in heavy turnover of 10m shares, after the newspaper group announced top of the range profits and, more significantly, a 2p rise in the Mirror's cover price. The price rise is expected to add £11m to the current year profits.

Leading conglomerate BTR shot forward in high volume following solid results and what traders described as a well managed meeting with analysts. The shares, which have lagged behind the market lately – trading within a 25p range since October – rose 13½ to 335½p in 19m traded.

Williams Holdings declined 7 to 314p following "reduce" advice from NatWest Securities and a sell note from Williams de Broë.

T&N closed off a penny at 159p after a big position in the stock changed hands. Turnover was 23m, including a 9m bought deal which passed through at 153p and 153½p.

Property shares stayed out of favour, with most leaders moving lower in spite of a groundswell of value showing through in brokers' research.

The latest property note comes from Panmure Gordon, which gives the sector a neutral rating but draws attention to the scope for recovery in property stocks plus their defensive qualities.

Mr Michael Prew, Panmure analyst, said the sector's defensive attributes are undervalued after an extraordinary period of underperformance. Over the past two years property stocks have lagged behind the market by 26 per cent.

He rates British Land, Brixton Estates and Land Securities as a buy. British Land eased a penny to 380p and Land Securities closed unchanged at 603p, after 601p.

BAA rose 10 to 529p after technical analysts at UBS rated the airports group a chart buy. The shares have been given a push lately by strong traffic figures for February and talk of broker profits upgrades.

Electronics giant GEC extended its recent rally. The shares have been a lively market lately on hopes of imminent management succession decisions and yesterday they added 11½ at 365p for a three-day advance of 6 per cent.

BT was the day's second most active Footsie stock, adding a penny at 355p in 29m traded including a block of 8.9m shares dealt at 350p.

MARKET REPORTERS:
Peter John,
Jeffrey Brown.

FINANCIAL TIMES EQUITY INDICES

	Mar 14	Mar 13	Mar 12	Mar 11	Mar 8	Yr ago	*High	*Low
Ordinary Share	2758.2	2736.6	2729.9	2746.9	2760.0	2371.5	2807.9	2238.3
Ord. div. yield	3.92	3.95	3.98	3.94	3.91	4.47	4.73	3.78
P/E ratio net	16.61	16.50	16.46	16.56	16.65	16.61	21.39	15.35
P/E ratio nil	16.28	16.18	16.13	16.23	16.32	16.16	22.21	15.17

Ordinary Share index since compilation: high 2807.9 5/03/96; low 49.4 26/6/40. Base Date: 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2740.4	2739.0	2743.1	2744.0	2750.5	2752.5	2751.9	2752.2	2753.7	2758.2	2735.3

	Mar 14	Mar 13	Mar 12	Mar 11	Mar 8	Yr ago
SEAQ bargains	38,957	35,443	35,620	40,361	37,914	27,404
Equity turnover (£m)†	-	1851.7	1641.5	1981.8	1996.2	1614.5
Equity bargains†	-	39,842	40,574	46,241	41,760	40,369
Shares traded (mil)†	-	668.1	572.3	574.2	700.5	719.9

†Excluding intra-market business and overseas turnover.

	Mar 14	Mar 13	Mar 12	Mar 11	Mar 8	Yr ago	*High	*Low
FT-SE AIM	966.33	967.72	969.39	965.68	973.04	-	1054.82	965.68

*For 1995/96.

■ London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	521	Total Highs	85	Total contracts	47,527
Total Falls	511	Total Lows	40	Calls	23,319
Same	1,451			Puts	24,208

Mar.14 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3640.0	3670.0	+41.0	3678.0	3633.0	17434	16816
Jun	3639.0	3665.0	+38.5	3673.5	3631.0	13514	53745
Sep		3680.0	+38.5			0	2363

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar		4232.0	-			0	1459
Jun		4248.0	-			0	3422

■ FT-SE 100 INDEX OPTION (LIFFE) (*3673) £10 per full index point

[illegible]

Calls 8,900 Puts 9,315

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

Apr	198	17	164	25	118½	37	83½	53½	58½	[illegible]
May	212½	28½	174	39	136	53	105½	70	77½	[illegible]
Jun	234	47	198½	60½	164	75½	131½	92	102	[illegible]
Sept†			238	87½			172½	119		

Calls 5,213 Puts 7,192 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1995/96 High	1995/96 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	51.8	527	498	BZW Eq (Bmdal)	518		-	-	-	-
-	F.P.	1.65	2	2	†Capital & Walm	2		-	-	-	-
-	F.P.	0.07	6½	3¼	Clubhaus Wts	3¼		-	-	-	-
7.5	F.P.	14.7	8½	5¼	Clubhaus	8		V-	-	-	11.1
12	F.P.	[illegible]	16½	14	†Freepages	14½		V-	-	-	-
-	F.P.	35.0	143	108	†IOC Intl	143	+7	-	-	-	-
100	F.P.	22.6	52	25	Life Offices PP	52		-	-	-	-
-	F.P.	64.1	43	42	M & G Equity Inc	42½	+½	-	-	-	-
-	F.P.	62.8	24½	20	M & G Equity Cap	21	+½	-	-	-	-
-	F.P.	5.17	92	88	M & G Equity Div	90	+1	-	-	-	-
145	F.P.	105.4	181	145	MacDonald Hotels	180		RW4.0	2.3	2.8	19.6
-	F.P.	16.2	81	65	†Optical Care (R)	70		-	-	-	-
-	F.P.	193.6	280	241	Schroder UK G Uts	242		-	-	-	-
175	F.P.	121.8	223	187	Shire Pharms	200		-	-	-	-
120	F.P.	34.4	126	120	Stadium Group	125		Lv5.8	3.1	3.8	10.5
160	F.P.	108.5	188	175	Streamline	175		Wv7.7	1.7	5.5	13.2
165	F.P.	108.3	231	218	Visual Action	231	+1	Rv4.7	2.9	2.5	16.9

† Alternative Investment Market. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

	Mar 13	% chg on day	Mar 12	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (33)	2268.20	+0.6	2254.78	1896.19	1.46	-	2520.73	1722.63
■ Regional Indices								
Africa (16)	3114.32	+1.0	3084.99	2738.85	2.73	38.84	3383.86	2272.74
Australasia (5)	2577.31	-1.8	2624.28	2049.25	2.46	38.58	2927.34	1966.82
North America (12)	1980.73	+0.6	1984.83	1542.38	0.66	59.76	2186.39	1488.94

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FT - SE Actuaries Share Indices — The UK Series

	Mar 14	Day's chge%	Mar 13	Mar 12	Mar 11	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3681.8	+1.1	3640.3	3639.5	3674.5	3094.1	4.03	2.11	14.74	20.82	1482.40
FT-SE Mid 250	4232.9	+0.1	4229.9	4222.7	4212.0	3367.8	3.40	1.72	20.84	38.45	1682.67
FT-SE Mid 250 ex Inv Trusts	4264.8	+0.1	4261.7	4254.0	4242.9	3376.1	3.60	1.77	19.64	40.99	1697.68
FT-SE-A 350	1847.9	+0.9	1831.3	1830.3	1843.0	1534.7	3.91	2.03	15.75	14.19	1622.67
FT-SE-A 350 Higher Yield	1814.1	+1.1	1794.9	1804.4	1820.8	1553.6	4.90	1.80	13.61	14.15	1240.31
FT-SE-A 350 Lower Yield	1888.7	+0.7	1875.0	1862.8	1871.8	1515.2	2.89	2.28	18.97	14.28	1299.41
FT-SE SmallCap	2064.05	+0.3	2058.33	2054.09	2044.23	1685.80	3.07	1.80	22.64	7.88	1675.14
FT-SE SmallCap ex Inv Trusts	2051.49	+0.2	2046.92	2041.97	2032.01	1665.30	3.27	1.88	20.32	7.53	1673.71
FT-SE-A ALL-SHARE	1826.73	+0.9	1811.24	1810.03	1820.93	1514.89	3.84	2.02	16.13	13.48	1526.88

■ FT-SE Actuaries All-Share

	Mar 14	Day's chge%	Mar 13	Mar 12	Mar 11	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(24)	3296.60	+1.0	3264.64	3237.05	3227.78	2686.32	3.93	1.51	21.08	22.56	1296.06
12 Extractive Industries(6)	4165.05	+0.4	4147.32	4196.03	4173.37	3549.57	3.82	2.39	13.68	65.46	1218.61
15 Oil, Integrated(3)	3331.37	+0.8	3305.96	3249.96	3254.18	2669.23	4.14	1.35	22.28	16.24	1444.20
16 Oil Exploration & Prod(15)	2338.84	+4.0	2248.94	2239.31	2240.99	1879.37	2.10	1.41	42.32	0.00	1390.25
20 GEN INDUSTRIALS(275)	2081.53	+0.8	2064.89	2057.75	2053.98	1820.26	4.03	1.87	16.56	6.01	1122.06
21 Building & Construction(34)	1132.69	+0.1	1132.10	1127.83	1120.20	938.69	3.63	2.03	17.48	1.60	934.59
22 Building Matls & Merchs(29)	1683.73	-0.2	1687.60	1692.78	1909.00	1722.26	3.97	2.00	15.76	0.61	935.16
23 Chemicals(23)	2563.02	+0.2	2558.76	2541.07	2530.79	2178.58	3.91	1.99	16.06	23.95	1204.93
24 Diversified Industrials(21)	1806.17	+1.9	1773.17	1775.54	1775.88	1806.65	5.80	1.60	14.89	12.61	994.73
25 Electronic & Elect Equip(36)	2350.06	+1.8	2308.12	2261.10	2260.38	1907.57	3.07	1.82	22.40	2.78	1207.12
26 Engineering(70)	2352.04	+0.8	2332.22	2315.93	2307.72	1761.58	3.23	2.40	16.11	7.83	1412.62
27 Engineering, Vehicles(13)	2759.48	.....	2758.36	2763.78	2745.18	2159.62	3.83	1.85	19.72	0.23	1407.08
28 Paper, Pckg & Printing(26)	2696.61	-0.1	2699.36	2690.15	2686.45	2715.00	3.73	2.03	16.47	0.51	1106.32
29 Textiles & Apparel(18)	1476.26	-0.3	1480.73	1482.53	1487.56	1415.95	4.75	1.64	16.01	7.42	889.82
30 CONSUMER GOODS(81)	3506.13	+1.5	3453.17	3501.86	3542.57	2908.76	3.99	1.88	16.83	12.24	1278.50
32 Alcoholic Beverages(9)	2788.70	+0.9	2765.82	2758.16	2783.07	2582.13	4.38	1.67	17.18	28.48	996.71
33 Food Producers(23)	2548.39	+0.3	2541.93	2523.83	2532.41	2382.79	4.21	1.75	17.01	4.90	1132.35
34 Household Goods(15)	2520.25	+3.5	2436.10	2450.42	2462.34	2434.37	3.02	2.08	15.35	5.66	947.60
36 Health Care(20)	1926.69	+0.1	1924.67	1920.93	1922.11	1613.19	2.71	1.82	25.43	6.11	1159.81
37 Pharmaceuticals(13)	4938.08	+2.3	4824.26	4918.06	4984.99	3707.92	3.41	1.84	18.94	12.95	1652.73
38 Tobacco(1)	4358.27	+2.0	4273.56	4570.04	4692.87	3643.55	5.83	2.03	10.53	0.00	1054.40
40 SERVICES(253)	2361.16	+0.5	2350.54	2338.50	2338.43	1869.08	2.96	2.10	20.14	14.60	1217.69
41 Distributors(32)	2602.48	-0.9	2625.42	2629.65	2620.61	2279.93	3.77	1.84	18.00	7.45	949.86
42 Leisure & Hotels(30)	2965.53	+1.8	2913.07	2940.49	2919.25	2097.30	2.81	2.16	20.63	108.39	1579.25
43 Media(46)	3920.61	+0.8	3889.11	3854.00	3843.88	2783.97	2.20	2.09	27.21	15.54	1400.06
44 Retailers, Food(15)	1899.07	.....	1899.48	1883.85	1892.53	1835.44	3.85	2.40	13.51	2.81	1190.93
45 Retailers, General(43)	1952.87	+0.2	1948.76	1939.90	1943.85	1542.69	3.04	2.21	18.60	5.73	1104.17
47 Breweries, Pubs & Rest.(24)	2959.05	-0.3	2968.63	2956.24	2966.66	2125.42	3.34	2.08	17.98	16.93	1411.07
48 Support Services(40)	2095.54	+0.3	2091.25	2079.72	2073.00	1462.31	2.32	2.52	21.35	3.66	1321.67
49 Transport(21)	2398.16	+1.0	2374.67	2356.12	2361.98	2144.16	3.61	1.41	24.57	6.84	987.75
60 UTILITIES(33)	2446.41	+0.2	2440.85	2494.27	2457.57	2239.84	5.07	2.06	11.95	55.13	1058.13
62 Electricity(12)	2684.46	-0.1	2687.94	2695.92	2701.32	2129.84	5.18	2.60	9.30	137.11	1314.47
64 Gas Distribution(2)	1553.05	+0.2	1549.85	1549.85	1558.84	1934.25	7.72	1.37	11.84	0.00	779.10
66 Telecommunications(7)	2024.42	+0.3	2018.59	2005.31	2035.19	1950.36	4.17	1.76	17.07	0.15	916.38
68 Water(12)	2163.82	+0.7	2149.07	2142.90	2163.65	1749.48	5.64	2.59	8.55	3.61	1173.42
69 NON-FINANCIALS(686)	1950.98	+0.8	1935.64	1933.51	1940.05	1634.47	3.83	1.91	17.03	12.25	1464.39
70 FINANCIALS(108)	2779.23	+1.3	2743.84	2747.13	2802.87	2187.62	4.23	2.57	11.52	37.20	1188.67
71 Banks, Retail(8)	3844.65	+2.0	3768.72	3759.96	3910.70	2881.31	4.08	2.83	10.97	70.15	1253.42
72 Banks, Merchant(6)	3366.45	-2.3	3446.02	3465.30	3450.85	3022.31	2.91	2.33	18.46	4.52	1056.71
73 Insurance(24)	1367.58	+1.9	1342.48	1350.52	1363.76	1225.67	5.71	3.07	7.13	21.77	1017.75
74 Life Assurance(6)	3536.71	+0.1	3534.20	3565.13	3433.13	2535.70	4.18	2.06	14.50	0.00	1440.86
77 Other Financial(23)	2491.23	.....	2492.44	2504.51	2505.17	1848.99	3.71	1.88	17.90	19.61	1407.55
79 Property(41)	1420.08	-0.4	1425.48	1430.87	1434.09	1389.74	4.40	1.30	21.67	4.11	863.84
80 INVESTMENT TRUSTS(126)	3059.85	+0.2	3052.48	3052.21	3047.47	2570.05	2.21	1.07	52.79	11.33	1062.76
89 FT-SE-A ALL-SHARE(900)	1826.73	+0.9	1811.24	1810.03	1820.93	1514.89	3.84	2.02	16.13	13.48	1528.88
FT-SE-A Fledgling	1152.95	+0.3	1149.53	1147.61	1143.84	949.62	2.96	2.18	19.38	4.77	1196.08
FT-SE-A Fledgling ex Inv Trusts	1157.93	+0.3	1154.63	1151.97	1148.31	947.71	3.22	2.35	16.61	4.98	1200.56

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3653.9	3653.6	3660.6	3660.0	3668.0	3669.0	3670.0	3670.8	3673.4	3681.8	3647.8
FT-SE Mid 250	4230.9	4225.9	4227.4	4227.7	4228.7	4228.5	4229.7	4229.7	4231.2	4232.9	4225.6
FT-SE-A 350	1836.7	1836.1	1839.0	1838.8	1842.1	1842.5	1842.9	1843.2	1844.4	1847.9	1834.0

Time of FT-SE 100 Day's high: 8:30 AM Day's low: 8:30 AM. FT-SE 100 1996 High: 3781.3 (02/02/96) Low: 0 (14/03/96).

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Constrn	1140.2	1138.2	1137.0	1137.0	1137.6	1137.5	1138.6	1138.3	1139.3	1138.3	1140.5	-2.0
Pharmaceuticals	4756.0	4779.5	4798.8	4819.7	4843.8	4851.4	4843.0	4851.9	4860.6	4881.6	4770.0	111.6
Water	2155.0	2148.1	2147.1	2143.5	2142.4	2142.6	2143.0	2141.7	2144.4	2156.6	2141.6	15.0
Banks, Retail	3869.8	3872.1	3872.8	3871.6	3877.3	3877.7	3882.7	3884.2	3885.7	3893.7	3816.8	76.9

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. *The FT-SE Actuaries Share Indices are calculated by FT-SE International Limited in conjunction with the Faculty of Actuaries and the Institute of Actuaries. © FT-SE International Limited 1996. All Rights reserved. The FT-SE Actuaries Share Indices are calculated in accordance with a standard set of ground rules established by FT-SE International Limited in conjunction with the Faculty of Actuaries and the Institute of Actuaries. "FT-SE" and "Footsie" are trademarks of the London Stock Exchange and the Financial Times Limited and are used by FT-SE International Limited under licence. Auditor: The WM Company. † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative. NAME CHANGE: Ticketing Grp. is now First Call (Fledgling).

TRADING VOLUME

■ Major Stocks Yesterday

Vol. 000s | Closing price | Day's change

[illegible]

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. † Indicates an FT-SE 100 index constituent. All trades are rounded. Source: FT Extel.

هكذا من الأصل

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Mar 14 / Sch)

BELGIUM/LUXEMBOURG (Mar 14 / Frs.)

CZECH REP (Mar 14 / Koruna)

DENMARK (Mar 14 / Kr)

FINLAND (Mar 14 / Mkk)

FRANCE (Mar 14 / Frs.)

GERMANY (Mar 14 / Dm.)

GREECE (Mar 14 / Drachma)

ITALY (Mar 14 / Lire)

NETHERLANDS (Mar 14 / Fls.)

NORWAY (Mar 14 / Kroner)

POLAND (Mar 14 / Zloty)

PORTUGAL (Mar 14 / Escudo)

SPAIN (Mar 14 / Pta.)

SWEDEN (Mar 14 / Kronor)

SWITZERLAND (Mar 14 / Frs.)

TURKEY (Mar 14 / Tk Lira)

PACIFIC

JAPAN (Mar 14 / Yen)

HONG KONG (Mar 14 / H.K.$)

INDONESIA (Mar 14 / Rupiah)

MALAYSIA (Mar 14 / MYR)

NEW ZEALAND (Mar 14 / NZ $)

SINGAPORE (Mar 14 / S$)

AUSTRALIA (Mar 14 / Aus $)

SOUTH KOREA (Mar 14 / Won)

TAIWAN (Mar 14 / TW $)

THAILAND (Mar 14 / Baht)

AFRICA

SOUTH AFRICA (Mar 14 / Rand)

NORTH AMERICA

CANADA

MONTREAL (Mar 14 / Can $) 4 pm close

TORONTO (Mar 14 / Can $) 4 pm close

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1995. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $. (u) Owing to problems at Telekurs, some French prices in yesterday's and today's FT are pre-close.

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INDICES

	Mar 14	Mar 13	Mar 12	1995/96 High		1995/96 Low	
Argentina							
General(29/12/77)	(u)	16080.43	15985.03	18191.58	31/1/96	9631.09	9/3/95
Australia							
All Ordinaries(1/1/80)	2210.6	2209.1	2228.5	2323.40	4/3/96	1823.30	8/2/95
All Mining(1/1/80)	1022.7	1018.4	1027.5	1085.30	4/3/96	785.30	8/2/95
Austria							
Credit Aktien(30/12/84)	364.12	367.24	367.07	385.42	2/1/95	328.50	27/10/95
Traded Index(2/1/91)	1039.05	1043.05	1038.09	1094.98	7/2/96	892.15	23/10/95
Belgium							
BEL20(1/1/91)	1700.31	1700.85	1699.07	1769.71	7/3/96	1271.83	9/3/95
Brazil							
Bovespa(29/12/83)	(u)	48056.0	47394.0	54109.00	2/2/96	21382.00	9/3/95
Canada							
Metals Mnls♦(1975)	(u)	5392.76	5381.97	5392.76	13/3/96	3808.63	1/3/95
Composite♦(1975)	(u)	4948.76	4936.20	5059.89	14/2/96	3991.41	30/1/95
PortfolioSS(4/1/83)	(u)	2420.82	2415.06	2488.67	8/2/96	1953.36	30/1/95
Chile							
IGPA Gen♥(31/12/80)	(u)	5469.38†	5483.78	5983.10	11/7/95	4578.90	9/3/95
Denmark							
CopenhagenSE(3/1/83)	381.15	381.75	381.32	391.35	13/2/96	330.01	29/3/95
Finland							
HEX General(28/12/90)	1868.92	1852.92	1842.69	2332.22	14/9/95	1555.30	29/3/95
France							
SBF 250(31/12/90)	1344.94	1336.59	1330.24	1372.31	4/3/96	1164.41	13/3/95
CAC 40(31/12/87)	1982.41	1944.30	1932.07	2024.09	1/2/96	1721.14	23/10/95
Germany							
FAZ Aktien(31/12/58)	862.34	860.11	865.83	886.12	5/3/96	708.87	30/3/95
Commerzbank(1/12/53)	2500.8	2491.2	2506.8	2584.10	5/3/96	2018.70	30/3/95
DAX‡(30/12/87)	2426.49	2426.38	2435.97	2501.22	1/3/96	1910.96	28/3/95
Greece							
Athens SE(31/12/80)	996.47	994.87	995.98	1017.98	4/3/96	787.15	16/3/95
Hong Kong							
Hang Seng(31/7/64)	10451.75	10249.48	10602.45	11594.99	16/2/96	6967.93	23/1/95
India							
BSE Sens.(1979)	3386.05	3373.73	3299.90	3952.09	2/1/95	2829.08	25/1/96
Indonesia							
Jakarta Comp.(10/8/82)	589.90	590.12	580.86	597.38	27/2/96	414.21	19/4/95
Ireland							
ISEQ Overall(4/1/88)	2334.75	2340.26	2324.52	2366.70	7/3/96	1813.59	23/1/95
Italy							
Banca Comm Ital(1972)	588.06	591.00	590.80	680.54	10/2/95	547.79	5/12/95
MIB General(2/1/96)	997.0	1002.0	1002.0	1082.60	9/2/95	882.00	15/1/96
Japan							
Nikkei 225(16/5/49)	19923.65	19734.70	19950.27	21118.38	8/2/95	14485.40	3/7/95
Nikkei 300(1/10/82)	285.68	284.54	286.67	307.98	5/1/96	222.28	13/6/95
Topix(4/1/68)	1533.89	1524.12	1535.75	1632.03	5/1/96	1193.16	13/6/95
2nd Section(4/1/68)	1962.78	1962.92	1979.65	2139.88	4/1/95	1441.90	13/6/95
Malaysia							
KLSE Comp.(4/4/86)	1109.00	1084.88	1089.84	1139.14	8/3/96	840.87	24/1/95
Mexico							
IPC(Nov 1978)	(u)	2864.93	2819.91	3101.82	2/2/96	1447.82	27/2/95
Netherland							
CBS TtlRtnGen(End 83)	570.6	585.6	581.4	571.70	7/3/96	422.90	23/3/95
CBS All Shr(End 83)	345.5	342.4	339.9	346.10	7/3/96	265.20	23/3/95
New Zealand							
Cap. 40(1/7/86)	2090.27	2081.12	2102.45	2208.02	20/10/95	1981.43	5/1/95
Norway							
Oslo SE(Ind)(2/1/83)	1327.96	1321.98	1317.82	1327.96	14/3/96	1038.80	10/3/95
Philippines							
Manila Comp(2/1/85)	2783.63	2769.92	2803.96	2969.12	10/7/95	2196.48	20/11/95
Portugal							
BTA(1977)	2601.4	2588.5	2586.5	2601.80	9/1/95	2412.90	22/11/95
Singapore							
SES All-S'pore(2/4/75)	572.10	561.33	570.30	[illegible]	5/2/96	472.90	23/1/95
South Africa							
JSE Gold(28/9/78)	1796.3♥	1774.1	1759.4	2823.00	2/1/95	1259.29	30/10/95
JSE Ind.(28/9/78)	8271.4♥	8276.9	8272.8	8739.30	25/1/96	6222.99	31/1/95
South Korea							
KoreaCmpEx''(4/1/80)	844.43	838.87	844.42	1027.37	2/1/95	838.87	13/3/96
Spain							
Madrid SE(30/12/85)	328.49	327.50	327.69	345.87	1/3/96	264.06	23/3/95
Sweden							
AffarsvaldsGen(1/2/37)	1881.0	1870.1	1860.4	1902.80	4/3/95	1439.99	29/3/95
Switzerland							
Swiss Bk Ind(31/12/58)	1705.77	1699.31	1690.80	1715.70	7/3/96	1174.63	13/3/95
SBC General(1/4/87)	1219.13	1214.77	1208.19	1219.13	14/3/96	870.58	13/3/95
Taiwan							
WeightedPr.''(30/6/66)	4851.65	4751.08	4692.40	7051.49	5/1/95	4503.37	14/8/95
Thailand							
Bangkok SET(30/4/75)	1263.98	1247.79	1266.55	1472.04	10/7/95	1135.88	16/3/95
Turkey							
Istanbul Comp.(Jan 1986)	63650.0	62165.3	61383.9	66328.20	9/3/96	24644.30	23/1/95
WORLD							
MS Capital Intl(1/1/70)	745.8*	740.9	740.4	761.18	23/2/96	590.21	23/1/95
CROSS-BORDER							
Eurotrack 100(26/10/90)	1580.06	1576.49	1572.84	1607.55	7/3/96	1222.41	13/3/95
Euro Top-100(26/6/90)	1393.38	1385.40	1382.70	1418.64	1/3/96	1117.34	9/3/95
JCapCmpnts(31/12/88)	(u)	352.20	360.59	382.52	19/2/96	282.07	23/1/95
ING Brngs Emrg(7/1/92)	152.11	150.64	150.89	182.72	5/2/96	117.15	10/3/95

INDEX FUTURES

CAC-40 (200 x Index)	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
Mar	1949.0	1984.0	+18.0	1985.0	1949.0	13,398	38,739
Apr	1951.0	1987.5	+19.5	1987.0	1949.0	132	5,165
DAX							
Mar	2421.0	2416.0	+3.0	2436.0	2418.0	26,733	-
Apr	2434.0	2429.5	+3.5	2449.0	2432.0	17,578	-

OMX	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
Mar	1473.00	1486.00	+12.00	1487.00	1473.00	3,950	18,513
Apr	1477.00	1484.75	+8.75	1487.00	1473.25	348	2,616
SOFFEX							
Mar	3558.0	3578.1	+27.1	3585.0	3556.5	7,047	13,689
Apr	3552.0	3578.0	+29.0	3581.9	3551.0	3,516	13,198

US INDICES

Dow Jones	Mar 13	Mar 12	Mar 11	1995/96 High	1995/96 Low	Since compilation High	Since compilation Low
Industrials	5568.72	5583.89	5581.00	5642.42 (5/3/96)	3832.08 (30/1/95)	5642.42 (5/3/96)	41.22 (2/7/32)
Home Bonds	103.71	103.78	103.83	106.09 (14/2/96)	93.83 (3/1/95)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	2117.87	2093.86	2095.25	2117.87 (13/3/96)	1473.19 (3/1/95)	2117.87 (13/3/96)	12.32 (8/7/32)
Utilities	212.08	212.90	213.89	234.08 (12/2/96)	183.03 (3/1/95)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 5626.52 (5622.55) Low 5513.80 (5464.67) (Theoretical♦)
Day's high 5597.98 (5584.25) Low 5548.85 (5485.26) (Actual♦)

Standard and Poors	Mar 13	Mar 12	Mar 11	1995/96 High	1995/96 Low	Since compilation High	Since compilation Low
Composite‡	638.56	637.09	640.02	661.45 (12/2/96)	459.11 (3/1/95)	661.45 (12/2/96)	4.40 (1/6/32)
Industrials♥	758.72	758.62	760.19	778.23 (22/2/96)	546.38 (3/1/95)	778.23 (22/2/96)	3.62 (21/6/32)
Financial	64.01	63.75	64.29	68.66 (5/3/96)	41.54 (3/1/95)	68.66 (5/3/96)	8.64 (1/10/74)
NYSE Comp.	341.86	341.39	342.75	351.70 (12/2/96)	250.73 (3/1/95)	351.70 (12/2/96)	4.46 (25/4/42)
Amex Mkt Val	560.77	559.17	561.38	570.31 (7/3/96)	433.12 (6/1/95)	570.31 (7/3/96)	29.31 (9/12/72)
NASDAQ Cmp	1086.64	1073.05	1080.50	1117.79 ([illegible])	743.58 (3/1/95)	1117.79 (23/2/96)	54.87 (31/10/72)

RATIOS

	Mar 8	Mar 1	Feb 23	Year ago
Dow Jones Ind. Div. Yield	2.18	2.15	2.12	2.70
	Mar 13	Mar 6	Feb 28	Year ago
S & P Ind. Div. yield	1.85	1.87	1.89	2.36
S & P Ind. P/E ratio	21.01	21.05	20.83	17.32

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
K-Mart	8,776,300	8¾	+½
Philip Morris	6,359,500	98	-4⅛
Micron Tech	5,055,300	29⅛	-⅜
Merck	4,515,800	61⅝	-1⅜
Toys R Us	4,248,100	27⅛	+1⅜
Wal-Mart	4,208,200	23	+⅜
RJR Nabisco	4,004,400	33⅞	-½
Federal Natl	3,522,400	30⅛	+⅞
Walt Disney	3,198,600	65⅝	+⅞
Telefonos	3,047,300	30⅛	+⅜

TRADING ACTIVITY

Volume (million)	Mar 13	Mar 12	Mar 11
New York SE	411.825	457.303	448.459
Amex	19.554	18.871	17.670
NASDAQ	496.997	471.790	471.076
NYSE			
Issues Traded	3,112	3,101	3,123
Rises	1,523	938	1,573
Falls	883	1,446	885
Unchanged	706	717	664
New Highs	88	60	49
New Lows	22	26	40

S&P 500	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	639.00	640.30	+2.80	640.30	638.60	28,621	62,720
Jun	643.50	646.60	+3.05	647.00	643.00	101,852	163,596

Nikkei 225	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	19790.0	19840.0	+180.0	19940.0	19730.0	26,419	244,133
Sep	19830.0	19890.0	+140.0	19890.0	19830.0	1,015	10,381

Open interest figures for previous day.

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

TOKYO - MOST ACTIVE STOCKS: Thursday, March 14, 1996

	Stocks Traded	Closing Prices	Change on day
Keisei El Rwy	23.8m	1,120	+90
Pacific Metals	10.2m	752	+22
Nichiei Corp	8.2m	629	+29
Shinko Elect	7.2m	938	+18
Okura & Co	4.9m	628	-22
Fujitsu	4.6m	950	
Nippon Steel	3.8m	338	+2
Shinsho Corp	3.6m	610	-93
Oki Elect Ind	3.6m	865	+15
Mitsubishi Bk	3.5m	2,200	+70

4 pm close March 14

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1995/96 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
22 1/8	12 1/8	AAR	0.48	2.3	22	167	21	20 1/8	20 3/4	+3/8
46 1/4	35	AMP	1.00	2.3	22	2141	43 1/2	42 1/8	43 1/8	+7/8
93 3/8	53 3/8	AMR			37	7977	u93 3/8	91 1/4	92 3/4	+3/4
50 1/2	36 3/8	ASA	2.00	4.5	29	824	44 3/4	44 3/8	44 5/8	-3/8
44 3/4	30 3/4	AbbotL	0.96	2.3	19	6053	42 3/8	41 3/4	42 1/4	+5/8
18 7/8	12	Abitibi Pr	0.40	2.7	7	1988	14 3/4	14 3/8	14 5/8	+1/2
31	21	ABM Ind	0.70	2.3	16	64	u31	30 3/8	30 7/8	+5/8
17 1/2	13 1/8	Acceptceln			52	199	14 3/4	14 5/8	14 5/8	-1/8
50 3/8	21 7/8	ACE Ltd	0.56	1.3	10	1250	45 1/8	[illegible]	44	-7/8
9 7/8	8 1/8	ACM Gvt In x	0.90	9.5	8	238	9 5/8	[illegible]	9 1/2	
7 7/8	6 1/2	ACM GvOpp x	0.66	9.1		532	7 1/4	7 1/8	7 1/4	
7 1/2	5 3/4	ACM Gvt Sp x	0.75	11.1		14	6 7/8	6 3/4	6 3/4	
9 1/8	7 1/4	ACM Gvt Se x	0.90	10.4		113	8 3/4	8 5/8	8 5/8	
9 1/2	7 5/8	ACM Man x	0.90	9.6		202	9 3/8	9 1/4	9 3/8	+1/8
31 1/4	10 1/4	AcmeCIv	0.52	1.7	7	450	30 3/4	30 1/2	30 5/8	
38 3/4	6 1/8	Acme Elect			54	148	6 5/8	d6 1/8	6 1/2	+1/8
34 1/2	23 3/4	Acordia	0.72	2.5	15	55	29 1/2	29 1/8	29 1/8	-1/8
16 3/4	10 1/2	Acuson			45	421	14 3/4	14 1/2	14 1/2	-1/8
19 5/8	15 5/8	Adams Expr	0.36	1.9	0	44	19	18 7/8	18 7/8	-1/8
35 7/8	16 1/8	AdvMic			6	2375	17 5/8	17 1/4	17 3/8	+1/8
10 1/4	5	Advest Grp	0.16	1.7	9	114	9 1/2	9 3/8	9 3/8	-1/8
27 1/2	11 3/4	Advo Inc	0.10	0.9	12	1085	12 1/8	d11 3/4	11 3/4	-3/8
46 3/4	24.80	Aegon	1.28	3.0	16	21	43 3/8	42 5/8	43 3/8	+3/4
5 7/8	3 3/8	Aerflx			8	443	4 3/4	4 1/2	4 3/4	+1/4
78 3/4	46 3/4	AetnaL	2.76	3.7	36	1724	75 5/8	74 3/4	75	-3/4
49 1/2	31 7/8	Aflac	0.52	1.1	13	1026	47 1/2	46 1/4	46 1/4	-3/8

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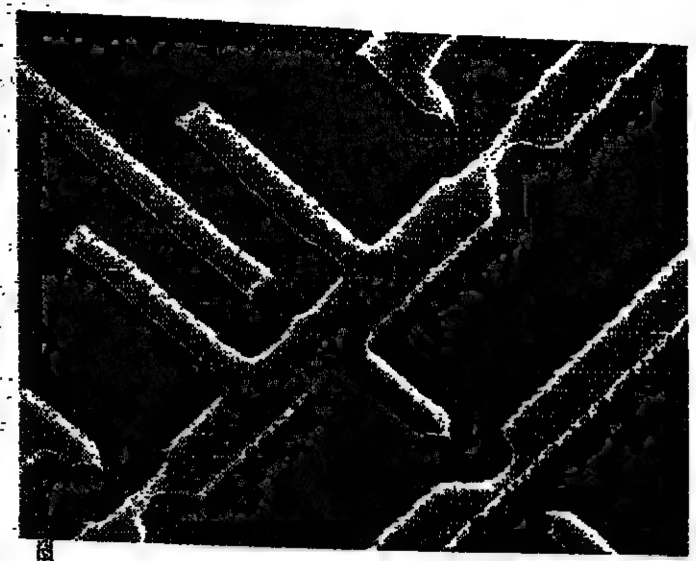
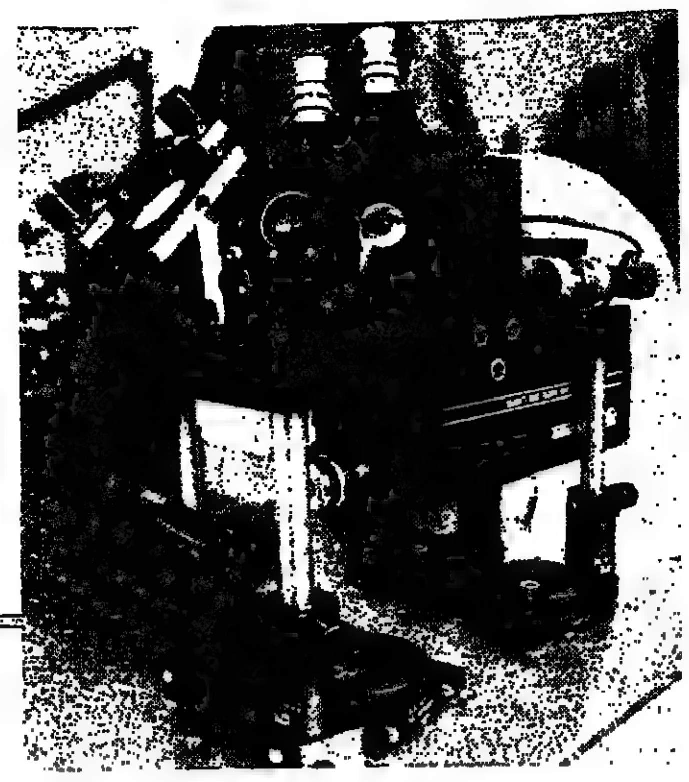
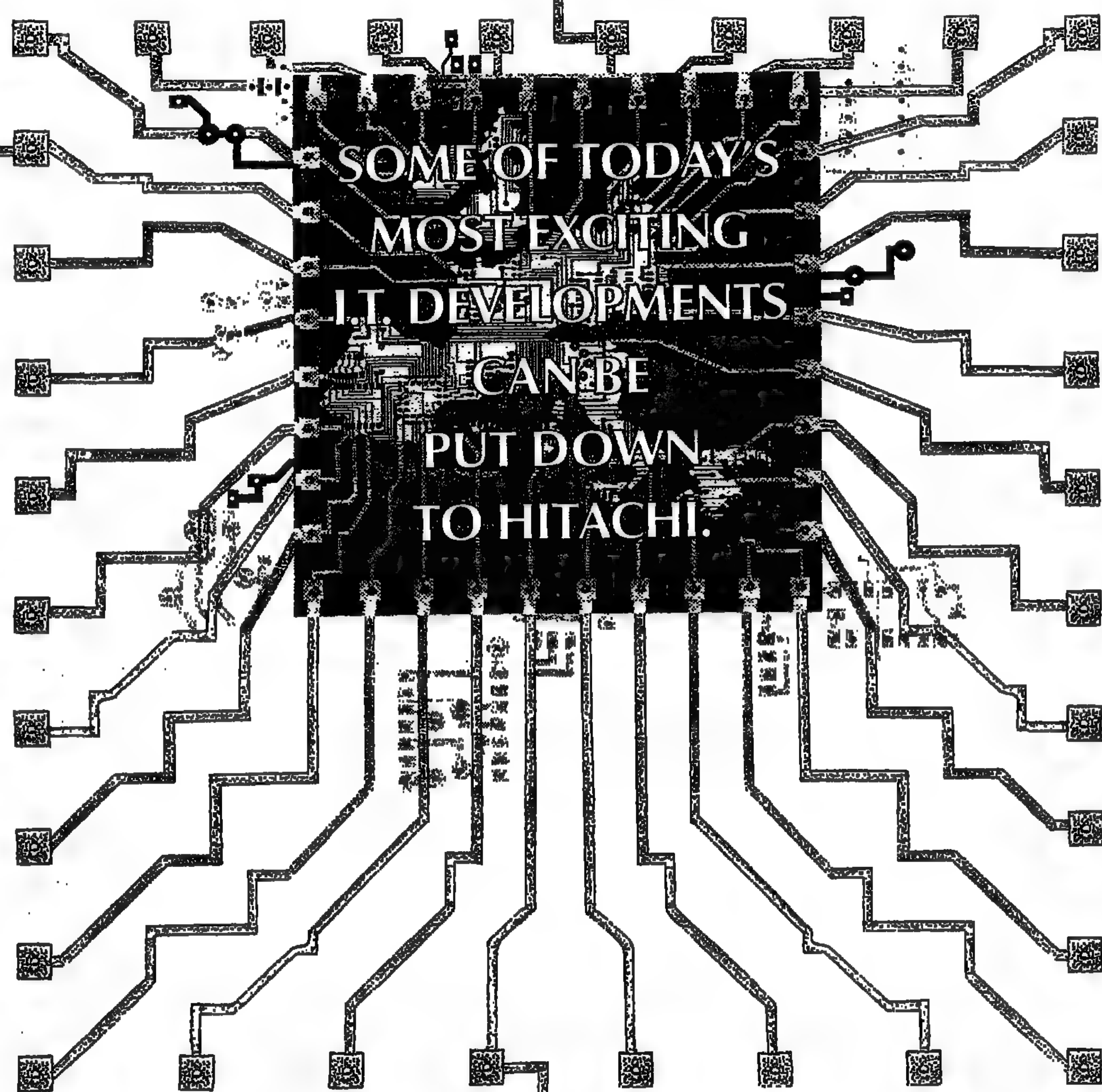


A single electron memory system has paved the way for dramatic progress in the semiconductor industry.



A researcher inspects the helium-neon laser apparatus used to split laser light pulses at the Hitachi Cambridge Laboratory.



Hitachi. You're probably thinking of home electronics products. But take a closer look and you'll discover a company that's leading Europe in the development of advanced IT products and components – the unseen essentials that shape our daily lives.

R & D is the lifeblood of Hitachi's enterprise. Such is its importance that we allocate around $15 million each day to creating and refining the products that will shape the future.

We have research and development centres in Cambridge and Dublin working on advanced electronic and optical devices and some stunning new projects in Artificial Intelligence. Design groups in Munich and Milan are bursting with innovative ideas to meet personal and social needs.

A team of scientists from Hitachi Europe's Cambridge Laboratory working with Cambridge University's Cavendish Laboratory has succeeded in observing a new phenomenon called 'coherent destruction' which we are now working to apply in superfast optical switching. Such switches will be needed to meet the future demand for new technologies that will utilise advanced networks, such as multi-media, interactive TV, videophone, visual e-mail and other forms of electronic data transfer.

Elsewhere, Hitachi chip technology is at the heart of a new electronic cash system, the Mondex card, which is being tried out in Swindon, UK. The card uses Hitachi microprocessors which meet strict requirements of high security and reliability.

In addition, we're manufacturing everything from semi-conductors, computer disk storage sub-systems, monitors, audio and video tapes and TV's, to air-conditioning, power tools and construction machinery.

Our success has been built on the belief that the company must contribute society through technologies that enrich the quality of life for all. And now, as these and other exciting IT developments take shape, you'll know exactly who to put them down to.

The next generation bullet train designed by Hitachi Design Groups in Europe.

Electronic wallet and Mondex card.

HITACHI

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CeBIT'96
HANNOVER
14.—20. 03. 1996
Hall 11, Stand D06

4 pm close March 14

NYSE COMPOSITE PRICES

1995/96 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
Continued from previous page										
11¼	5⅞	SchawkA	0.28	2.9	31	52	9	8⅞	9	+¼
50¼	37¼	ScheringP			22	540	44	43⅞	43⅞	+⅛
62	35½	SchrPl	1.16	2.0	23	6073	58⅞	57½	57½	-⅜
80⅝	50⅛	Schlmb	1.50	1.9	29	6771	u80⅝	78¼	80⅜	+2⅝
29	11¼	Schwab(C)	0.16	0.6	26	3093	25⅝	24¼	25½	+1⅜
28⅞	20⅛	SchwMaud				588	27⅛	26⅝	27	+¼
24⅞	11⅞	SciAtl x	0.06	0.3	41	13141	18⅞	16⅝	18½	+1⅝
20	15⅛	Scotsman	0.10	0.6	10	145	17⅛	17⅛	17⅛	
43½	26⅞	Scripps	0.52	1.2	25	64	42⅞	42⅝	42⅝	-⅛
21½	13⅜	ScuddrNAsF x	0.02	0.1		146	16⅛	16	16	
11⅞	8⅝	ScudrNEaF	0.16	1.4		32	11½	11½	11½	
20	13⅜	SeaCoB	0.70	4.4	1	3	16	16	16	-¼
16¼	14⅝	SeaC1.4625	1.46	9.5		z100	15⅜	15⅜	15⅜	
67¾	23⅝	S'gate			10	11625	57⅞	56¾	57	-⅞
39½	25⅝	Seagrm x	0.60	1.8	23	13890	34	32¾	33⅞	-⅛
22½	15¼	Seagull En			108	3536	20⅝	19½	20⅛	+⅞
32⅝	18	Sealed Air			24	2099	30½	29¾	30	+⅛
50¾	30⅜	SearsR	0.92	1.8	13	6121	u50¾	49⅝	49⅞	-¼
22¼	18⅜	SecCapSBI	1.24	5.7	25	352	21⅞	21⅜	21⅝	+¼
13	10⅛	Seligm Sel x	0.84	6.7		26	12½	12⅜	12½	
38¼	13⅜	Sensormat	0.22	0.9	83	1788	23⅝	23⅜	23⅜	-¼
35⅝	21⅞	SequaA	0.60	1.7	80	54	34¾	34½	34½	
41⅝	23	SequaB	0.50	1.2	72	3	41½	41½	41½	+½
48	26¼	SenvCp	0.48	1.0	28	4207	47½	47	47¼	+⅛
33½	21½	SvMstr	0.96	3.1	14	186	31⅝	30⅞	30⅞	-¼
7⅞	4⅛	ServMerch			11	800	5¾	5⅝	5⅝	-⅛
57½	22½	SGSThm			8	1579	35⅛	34½	34¾	+⅜
17⅜	10⅝	Shaw Ind	0.30	2.6	24	4333	11⅞	11½	11½	+¼
13⅝	7⅞	Shelby Wil	0.28	2.5	14	6	11	11	11	
83½	64¼	ShellTr	3.30	4.2	17	2502	79¼	78⅛	78⅞	+¾
45⅜	32	SherW	0.70	1.6	18	737	43¾	42⅞	43⅝	+⅛
13½	7⅞	Shoneys			14	819	9	8¾	8¾	-⅛
29⅜	13½	Showboat	0.10	0.4	31	162	26¼	26⅛	26¼	+⅛
34⅝	18½	Sierra Pac	1.18	4.8	12	178	24⅜	24¼	24⅜	+⅛
8⅞	5¼	SignalApp			1	134	6⅞	6¼	6¼	-⅜
36⅝	17⅞	Signet Bnk	0.80	3.3	10	1068	25¼	24⅞	24⅞	
45⅝	21¼	SiliconGr			19	6425	26	25⅛	25¼	-⅜
11⅜	7⅞	Sizeler	1.12	14.0	25	66	8	7⅞	8	+⅛
[illegible]										

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1995/96 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
140⅝	95½	Xerox	3.48	2.6	16	2244	133¼	129⅝	133¼	+3⅞
52½	38¾	Xtra Corp	0.72	1.6	14	340	44⅛	43⅝	44⅛	+½
25¾	19½	Yankee Egy x	1.28	5.8	15	31	22⅜	22¼	22⅜	+⅛
49	34⅛	York Int	0.36	0.7	20	182	48½	47¾	48¼	+⅞
4½	2½	Zapata	0.14	4.1	5	66	3⅜	3¼	3⅜	
12¼	6⅞	Zenith			3	1027	7¼	6⅞	7¼	+⅛
24⅞	18⅝	Zenith Nat	1.00	4.2	95	64	23⅝	23⅜	23⅝	
7¼	6⅛	Zenix Inc	0.72	10.5		129	6⅞	6¾	6⅞	+⅛
18¾	12⅝	Zero	0.44	2.6	17	343	17⅞	17¼	17¼	-⅜
26	16⅞	Zurn Ind	0.40	2.0	15	104	20⅜	20⅛	20⅛	
11½	10¼	Zweig Fund	1.12	10.2		283	11⅛	11	11	
9	7⅞	Zweig Tot x	0.84	9.6		354	8⅞	8⅝	8¾	-⅛

Price data supplied by Telekurs

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AMEX COMPOSITE PRICES

4 pm close March 14

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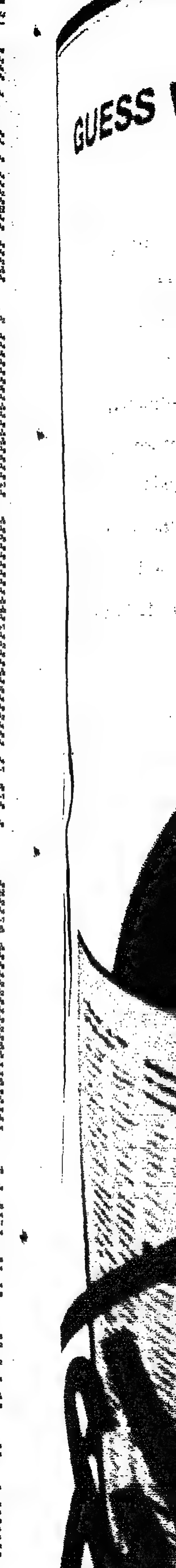
NASDAQ NATIONAL MARKET

4 pm close March 14

[illegible]



هكذا من الأصل

AMERICA

Stable US bonds give equities a lift

Wall Street

A stable bond market helped US share prices to move ahead in midsession trading in spite of mixed news on the economic front, *writes Lisa Bransten in New York.*

At 1 pm, the Dow Jones Industrial Average was up 44.07 at 5,612.79, the Standard & Poor's 500 had added 4.91 at 643.46 and the American SE composite was ahead 2.32 at 563.09. New York SE volume came to 276m shares.

Trading was expected to remain volatile yesterday as dealers unwound positions in advance of today's expiry of options and futures on shares and share indices.

US Treasury prices posted modest gains: data showing that inflation remained subdued was counterbalanced by a sign that employment was on the rise. The producer price index declined by 0.2 per cent in February, the Commerce Department said, while the Labor Department reported that initial claims for unemployment benefits dropped by 10,000 last week.

A gain on the Dow came in spite of a sharp drop in the price of Philip Morris, the largest tobacco company in the US. Shares in Philip Morris fell $6 or 6 per cent to $92 on continued worries that a smaller tobacco group's settlement of a smoking litigation suit could expose the tobacco industry to large future liabilities.

American Express, another component of the Dow, jumped on news that Mr Warren Buffett, the renowned investor, had received permission to increase his stake in the company from 10.2 per cent to 17 per cent. In early trading the financial services group was $2⅝ stronger at $47.

Computer-related technology shares were mixed, but strength in the biotechnology sector helped the Nasdaq composite index to add 7.47 at 1,906.11.

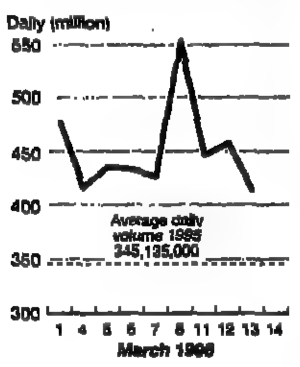
Among the rising biotech stocks were Chiron, up $4⅞ at $112⅝, Genzyme, $3 stronger at $71, Amgen, which gained $1½ at $63¼, and Biogen, $2 dearer at $68¼.

In the computer related sector, Intel, the second largest company on the Nasdaq, put on $⅞ at $57, while several other groups gave up some of the gains made on Wednesday. America Online, which had appreciated $9¼ in the previous two sessions, slipped $1⅛ to $56⅝.

Elsewhere, Monsanto, the US chemicals group, added $6¼ or 4 per cent at $151¼ after the company announced a plan to buy back more than 8m shares and to restructure its executive compensation programme.

Noble Drilling rose $⅝ or 7 per cent to $10¼ on news that it would buy the drilling operations of Nedlloyd, the Dutch conglomerate, for $300m.

NYSE volume



Canada

Toronto rose in early trade, supported by the US producer prices data that boosted North American bond markets, and by low domestic inflation figures. The TSE 300 index was 24.94 up by noon at 4,973.70 in volume of 34.8m shares.

Seagram initially slipped on fourth-quarter earnings figures but, by midday, the shares had picked up from a low of C$44⅝ to trade C$¼ higher at C$46.

Among high-technology stocks, Hummingbird Communications rose C$3⅝ to C$51⅛.

EUROPE

Nedlloyd rises 11% on offshore drilling disposal

Nedlloyd climbed 11 per cent in AMSTERDAM, on the shipping and transport group's sale of its offshore drilling division to a US company. The shares soared Fl 3.90 to Fl 39.60.

Brokers welcomed the deal, saying Nedlloyd had obtained a good price for its division as it pursued its intention to concentrate on core activities.

The AEX index was boosted by strength in neighbouring and overseas markets, particularly the US, firming 4.97 to a new closing high of 520.55.

Ballast Nedam, the building and dredging group, rose Fl 1.40 to Fl 74.50; after the close it said it expected a gradual rise in profits this year.

Fokker, said to be preparing an announcement at 10 am today on whether it would file for bankruptcy, gained 25 cents at Fl 1.30.

FRANKFURT traded quietly, turnover falling from DM10bn to DM6.7bn, although the Dax index closed 15.46 higher at an Ibis-indicated 2,432.46.

The best performing shares included two retailers, Karstadt and Douglas, although Kaufhof and Asko were suspended as terms of the Metro merger came out.

The statement indicated that both Kaufhof and Asko were being valued at more than their current equity capitalisations but that, relatively speaking, the more highly considered Kaufhof was getting the thin end of the deal. "If Asko's share price on Wednesday, DM780, was at the right level," said one UK analyst, "then Kaufhof, at DM476.60, is being offered the equivalent of DM585."

Chemicals starred again, Hoechst adding DM7.85 at DM473.50 on optimism about 1996, and BASF rising another DM5.90 to DM389.50.

Meanwhile, the CeBIT computer trade fair in Hanover helped SAP prefs, up a further DM4.10 at DM218.10, to a 7.6 per cent gain since Monday.

PARIS was busy in the financials and banks as the CAC-40 index put on 18.11 or 1 per cent at 1,962.41. Turnover was FFr3.8bn.

BNP rose FFr6.30 to FFr193.40 on a 1995 net profits gain of 8 per cent, and AGF, the state owned insurer, by FFr4.10 to FFr146 on a 23 per cent profits lift and its aim to improve efficiency this year. Separately, the government repeated its intention to privatise the group during the course of the year. Elsewhere, Société Générale firmed FFr2 to FFr550 as its 1995 figures came in within expectations.

Accor, the hotels group, was one of the few losers, off FFr4 at FFr708 after disappointing the market with lower than expected 1995 profits.

MILAN erased early losses to close marginally higher on the back of Wall Street and the steady lira. The Comit index lost 2.94 at 583.06 but the real-time Mibtel index finished 12 higher at 9,429.

SME jumped L105 or 6.6 per cent to L1,705 as trading resumed after Wednesday's suspension. The supermarket group's major shareholder, Schema 21, a holding company owned by, among others, the Benetton family's Edizone Holding, said that it had launched an offer for the 36 per cent of SME's shares in circulation at L1,750 a share.

Benetton dropped L935 to L15,885, taking the decline since the start of the week to 14 per cent. Analysts said that the SME offer had raised concerns that Benetton might be heading for a cash call; and that a legal wrangle with Bulova, the watchmaker, to be heard in a Dutch court before the end of the month, could cost Benetton L50bn if it lost.

Olivetti tumbled to a low of L713 on continuing worries about its personal computer operation, but picked up to finish L10.3 off at L760 after the managing director said that the company aimed to consolidate its European market position but did not plan to cut prices to do so.

ZURICH was pulled higher by industrials and insurers, supported by the interest rate outlook, and the SMI index finished 20.1 ahead at 3,547.

Nestlé rose SFr13 to SFr1,347 on foreign buying and Winterthur picked up SFr13 to SFr797, both beneficiaries of switching from Ciba and Sandoz.

Alusuisse spurted SFr24 to SFr1,012, having broken through resistance at SFr975.

Swiss Re added SFr26 at SFr1,225 as the insurer embarked on a US roadshow.

STOCKHOLM saw a 1.1 per cent gain in pharmaceuticals, Astra A rising SKr4 to SKr302 as the Affärsvärlden General index put on 10.9 at 1,881.0. But its COPENHAGEN counterpart, Novo Nordisk, took another beating, falling DKr10 to DKr743 as the KFX index eased 0.02 to 109.70. East Asiatic, with results only slightly below analysts' expectations, fell DKr3 to DKr112.

BUDAPEST rose strongly on the likely approval of an IMF standby loan, the BUX index gaining 64.47 at 2,348.55. The IMF was expected to approve the Hungary loan today, while the OECD was expected to make a decision about the country's membership at the end of the month.

ISTANBUL firmed by 2.7 per cent, with selective demand seen in a number of stocks. The composite index made 1,684.73 to 63,850.05, as turnover jumped to TL14,610bn from Wednesday's TL10,730bn.

Written and edited by William Cochrane, Michael Morgan and John Pitt

FT-SE Actuaries Share Indices

THE EUROPEAN SERIES

Mar 14 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1574.62	1575.56	1576.69	1576.80	1576.49	1578.18	1578.95	1580.06
FT-SE Eurotrack 200	1648.27	1647.35	1648.35	1649.51	1650.58	1651.17	1653.78	1653.04

	Mar 13	Mar 12	Mar 11	Mar 8	Mar 7
FT-SE Eurotrack 100	1578.49	1572.85	1582.57	1587.72	1607.55
FT-SE Eurotrack 200	1646.57	1643.53	1642.34	1662.90	1684.53

Base value 1000 (26/10/90); Highday: 100 - 1580.41; 200 - 1653.83 Lowday: 100 - 1574.07 200 - 1646.56 † Partial.

EUROPEAN EQUITIES TURNOVER

Monthly total in local currencies (bn)

Bourse	Nov 1995	Dec 1995	Jan 1996	Feb 1996	US $bn
Belgium	80.04	76.48	121.73	129.54	4.29
Denmark	30.13	27.30	37.60	29.68	5.23
Finland	14.15	15.03	14.48	16.48	3.63
France	181.12	186.29	209.73	213.09	42.29
Germany	136.20	124.10	230.49	178.69	121.56
Italy	35,520	36,645	55,220	55,076	35.38
Netherlands	41.20	33.80	54.20	57.20	34.74
Norway	28.91	29.98	41.59	41.00	6.41
Spain	1,068.53	1,203.82	1,816.9	2,050.40	16.57
Sweden	111.20	109.80	136.00	158.40	23.47
Switzerland	36.24	35.70	47.30	33.42	27.86
UK	62.60	53.02	64.19	82.31	95.48

Volumes represent purchases and sales. Italian data adjusted to include off-market trading. Some figures may be revised. Source: NatWest Securities

Domestic turnover on Europe's equity markets in February fell by 9.2 per cent from January's record level, but business was still up by a striking 44.4 per cent from February, 1995. Switzerland and Germany led the way down with turnover declines of 29.3 and 22.5 per cent, following gains of 86 per cent and 46.9 per cent respectively a month before; share prices here moved in opposite directions, with the Swiss index up 2.7 per cent and the German 0.3 per cent down. Mr James Cornish of NatWest Securities, which produces the figures, notes that Swiss turnover on London's Seaq International, the screen based trading system, fell by only 16.2 per cent, suggesting that the index gain was mainly due to international buying, perhaps in reaction to the correction in Germany.

ASIA PACIFIC

Nikkei up 1% on rebound in banks, high-tech stocks

Tokyo

A rebound in banks and high-technology stocks supported the market and the Nikkei average gained 1 per cent, *writes Emiko Terazono in Tokyo.*

The 225-share index, which reached a new low for the year on Wednesday, closed 188.96 up at the day's high of 19,923.66 after an initial dip to 19,708.59. Shares firmed in the afternoon on position adjustment buying and technical activity.

Volume was 350m shares, against 428m. The Topix index of all first section stocks rose 9.77 to 1,533.89 and the Nikkei 300 by 2.14 to 286.68. Gainers led losers by 548 to 458, with 186 issues unchanged.

In London the ISE/Nikkei 50 index put on 1.28 at 1,338.84.

The Wall Street rally in semiconductor related issues on Wednesday prompted purchases in the sector by foreign investors; it also lifted other sectors, including bank stocks, which had been sold on the uncertainty over the government's housing loan liquidation plan.

Keisei Electric Railway was the most active issue, adding Y90 at Y1,120 on reports that its subsidiary Oriental Land, which runs Tokyo Disneyland, would list on the Tokyo stock exchange later in the year. Analysts said Oriental Land stocks could be sold at about Y10,000 a share, boosting the parent company's profits.

Excitement over Oriental Land spread to other real estate companies. Mitsui Fudosan, the largest shareholder in Oriental Land, rose Y60 to Y1,260, Mitsubishi Estate by Y30 to Y1,310 and Sumitomo Realty and Development by Y33 to Y761.

Hokuriku Seiyaku, a medium sized drugs company in western Japan, firmed Y20 to Y2,010. After the close the company announced that Knoll, a subsidiary of BASF, of Germany, would acquire a major stake. Knoll planned to acquire 50 per cent of Hokuriku and would buy its stake from shareholders at Y1,450 per share.

Banks firmed on position adjustments. Industrial Bank of Japan gained Y50 at Y2,730 and Sumitomo Bank was ahead Y40 at Y2,040.

Among the high-technology stocks, Toshiba moved up Y5 to Y765 and NEC Y20 to Y1,140.

In Osaka, the OSE average rose 45.15 to 21,005.89 in volume of 304m shares. Nintendo, the video game company, which was sold heavily on recent reports that it would delay the launch of its 64-bit next generation game, recovered Y230 to Y6,480.

Roundup

Late bargain hunting took HONG KONG up 2 per cent after recent hefty losses over the Taiwan situation. The Hang Seng index jumped 202.27 to 10,451.75 but turnover slipped further to a slim HK$4.4bn.

Defensive stocks, including the banks and utilities, performed strongly. HSBC, which plummeted HK$5 on Wednesday, recouped HK$3 at HK$115, while Hang Seng Bank rose HK$2.25 to HK$74.25 and Hong Kong Telecom 45 cents to HK$14.80.

Property issues also strengthened in the afternoon. Henderson Land advanced HK$1.50 to HK$52, as did Sun Hung Kai Properties, to HK$65.75, and Cheung Kong put on 80 cents at HK$50.50.

KUALA LUMPUR was 2.2 per cent ahead on bargain hunting in blue chips in a technical bounce after heavy losses earlier in the week. The composite index rallied 24.17 to 1,109.00.

SINGAPORE recovered 1.3 per cent after the recent weak spell, although many institutional investors were sidelined ahead of further US economic data this week. The Straits Times Industrial index ended 28.85 up at 2,329.58 in volume of 105.5m shares.

Resurgent property stocks included Parkway Holdings and City Developments, each up 20 cents to S$3.68 and S$11.20 respectively. DBS Land, however, softened 5 cents to S$5 on growing worries about earnings figures due at the weekend.

SEOUL again pinned its hopes on intervention today by the stock market stabilisation fund. The composite index ended 5.56 higher at 844.43.

The Korea Securities Dealers Association said its members had agreed to ask the Finance Ministry to intervene to boost the market with the fund, while promising to refrain from selling shares.

Hansol companies regained some ground after being hit by an alleged bribery scandal involving a Hansol executive.

TAIPEI saw the government's stock market stabilisation fund in action again, and the weighted index finished 100.57 or 2.1 per cent ahead at 4,851.65. Turnover was modest at T$28.7bn.

Brokers said that investors were beginning to believe that the current tensions between Taiwan and China would be resolved peacefully.

BANGKOK recovered most of Wednesday's decline as the SET index advanced 16.19 or 1.3 per cent to 1,263.98. Turnover came to Bt5.2bn.

Dealers felt that the gain had come after domestic mutual funds indulged in speculative purchasing of discounted blue chips. Total net buying by local mutual funds on Wednesday amounted to about Bt250m. Banks and finance issues were the favourites yesterday, with Finance One the most active issue in terms of value, up Bt4 at Bt141.

WELLINGTON continued to see heavy turnover in Fletcher Challenge, 6 cents higher at NZ$3.12, while the NZSE-40 index put on 9.15 at 2,090.27. Turnover was NZ$100m.

JAKARTA noted speculative buying in second line stocks on rumours of possible takeover activity. The composite index closed 9.78 or 1.7 per cent up at 569.91.

Among the second line issues, Super Mitory Utama, a shoe manufacturer, leapt Rp550 to Rp1,400 on reports that it was about to make a bid for an unnamed company.

● KARACHI suspended activity for the session because of a strike by the Mohajir National Movement which kept attendance at the bourse low.

Buenos Aires weaker

The region's markets were generally more confident as the US made good gains in midsession trade.

An exception was BUENOS AIRES, where the Merval index was off 1.88 at 505.62 by midday. There were warnings from analysts yesterday that unless political infighting between Mr Carlos Menem, the president, and Mr Domingo Cavallo, his economy minister, came to an end the market's volatility would continue. On Wednesday, Mr Menem met the country's bankers to ask them for lower interest rates.

In SAO PAULO the Bovespa index had made 543.74 to 48,600 by midday. Analysts were expecting trading to remain unsettled on worries about the formation of a parliamentary investigative commission to look into the banking sector.

The request for an inquiry followed revelations that the failed Banco Nacional had managed to conceal a loss of R$4.6bn over a 10-year period by allegedly manipulating its accounts.

MEXICO CITY's IPC index was up 20.48 at 2,885.41 as investors tracked the Dow.

S Africa unmoved by budget

Johannesburg was mixed, industrials retracing earlier gains to end marginally softer in futures-related trade and golds rising on a weaker rand.

Analysts noted that Wednesday's budget had little carry over effect, with a reduction in the secondary tax on companies and in the marketable securities tax having been largely expected. Instead, the market was preparing itself for today's futures close out.

The overall index was up 2.5 to 6,664.6, industrials lost 5.5 to 8,271.4 and golds gained 22.2 at 1,796.3.

Among the gold miners, Driefontein Consolidated was R2 stronger at R60.75, Free State Consolidated Gold Mines appreciated R1 to R38.25 and Vaal Reefs finished R10 ahead at R374. Palabora Mining moved forward R4 to R70.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FT-SE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FT-SE International and Goldman Sachs in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WEDNESDAY MARCH 13 1996 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY MARCH 12 1996 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (81)	195.66	-0.6	190.41	130.24	149.72	168.17	-0.9	4.07	198.74	191.90	131.38	151.43	169.74	202.74	158.79	163.08
Austria (24)	181.41	1.1	176.54	120.75	138.81	138.67	0.5	1.63	179.50	175.08	119.87	138.16	138.01	199.28	168.11	188.63
Belgium (33)	209.26	0.6	203.65	139.29	160.12	156.19	0.1	3.46	207.93	202.81	138.85	160.04	156.10	215.81	174.36	176.12
Brazil (29)	150.16	1.1	146.13	99.95	114.90	272.56	1.4	1.77	148.46	144.80	99.14	114.26	268.89	170.25	104.99	104.99
Canada (101)	155.31	-0.1	151.14	103.37	118.84	153.79	0.0	2.45	155.42	151.59	103.79	119.62	153.76	158.71	128.39	128.39
Denmark (33)	294.86	0.4	286.95	196.27	225.62	228.13	-0.1	1.68	293.66	286.44	196.11	226.03	228.40	305.17	252.41	256.65
Finland (24)	185.72	0.9	180.73	123.62	142.11	176.64	0.6	2.61	184.12	179.59	122.95	141.72	177.50	276.11	171.13	181.48
France (99)	185.86	1.1	180.87	123.71	142.21	147.05	0.6	3.13	183.87	179.35	122.79	141.52	146.17	191.17	161.53	161.53
Germany (60)	169.27	0.1	164.73	112.67	129.52	129.52	-0.5	1.89	169.06	164.90	112.90	130.12	130.12	173.79	142.25	149.10
Hong Kong (59)	402.53	-3.1	391.73	267.93	308.01	399.61	-3.1	3.59	415.45	405.23	277.44	319.77	412.40	451.19	323.87	330.03
Ireland (16)	258.42	1.3	251.49	172.01	197.74	231.70	0.9	3.48	255.16	248.89	170.40	196.40	229.60	265.00	205.44	206.34
Italy (59)	73.39	-0.5	71.42	48.85	56.15	85.85	0.0	1.76	73.72	71.90	49.23	56.74	85.89	82.71	65.45	68.25
Japan (482)	145.79	-0.5	141.88	97.04	111.56	97.04	-0.8	0.79	146.45	142.85	97.80	112.72	97.80	164.82	137.75	146.88
Malaysia (107)	524.33	-1.3	510.26	349.00	401.20	513.59	-1.4	1.66	531.36	518.28	354.84	408.98	520.76	581.96	425.77	465.08
Mexico (18)	1092.81	1.9	1063.48	727.39	836.18	9062.72	1.8	1.53	1072.61	1046.21	716.28	825.58	8903.43	1237.14	681.51	779.53
Netherland (19)	279.51	1.4	272.01	186.05	213.87	210.31	0.8	3.28	275.74	268.95	184.14	212.23	208.62	283.23	226.30	228.86
New Zealand (13)	79.88	-1.4	77.73	53.17	61.12	62.07	-1.3	4.60	80.97	78.98	54.07	62.32	62.88	85.49	72.39	73.34
Norway (33)	237.96	0.6	231.57	158.39	182.08	206.80	0.0	2.42	236.59	230.76	157.99	182.10	206.71	243.79	205.04	205.04
Singapore (44)	424.93	-1.3	413.53	282.84	325.14	275.48	-1.4	1.45	430.62	420.02	287.57	331.44	279.45	465.21	346.10	350.03
South Africa (45)	388.09	0.7	377.67	258.32	296.95	331.28	0.0	3.13	385.58	376.09	257.49	296.78	331.20	437.76	329.21	334.60
Spain (37)	165.76	0.4	161.31	110.33	126.83	155.43	-0.1	3.93	165.09	161.02	110.24	127.07	155.61	175.88	124.10	124.81
Sweden (48)	333.85	1.1	324.89	222.22	255.45	335.06	0.7	2.44	330.14	322.02	220.47	254.11	332.76	342.56	232.23	234.22
Switzerland (39)	244.88	1.3	238.30	162.99	187.37	180.51	0.5	1.55	241.71	235.76	161.41	186.04	179.70	244.88	172.99	172.99
Thailand (46)	170.51	-1.9	165.94	113.50	130.47	166.90	-1.9	2.01	173.76	169.49	116.04	133.74	170.15	193.95	130.15	133.54
United Kingdom (205)	224.92	0.2	218.89	149.71	172.10	218.89	0.0	4.27	224.39	218.86	149.84	172.71	218.86	235.50	194.09	194.09
USA (631)	260.85	0.2	253.85	173.62	199.59	260.85	0.2	2.22	260.22	253.82	173.77	200.29	260.22	269.11	200.49	200.49
Americas (778)	237.82	0.2	231.53	158.36	182.05	200.00	0.2	2.22	237.32	231.48	158.48	182.66	199.49	245.54	183.12	183.12
Europe (726)	202.83	0.6	197.39	135.01	155.20	175.56	0.2	3.10	201.66	196.70	134.67	155.22	175.27	206.93	169.83	169.83
Nordic (136)	288.57	0.9	280.83	192.08	220.81	250.97	0.5	2.32	285.98	278.94	190.98	220.12	249.79	295.02	222.22	225.62
Pacific Basin (832)	158.47	-0.7	154.22	105.48	121.25	108.37	-1.0	1.24	159.61	155.68	106.58	122.85	109.46	171.87	148.86	154.65
Euro-Pacific (1558)	176.86	-0.1	172.11	117.72	135.33	133.77	-0.5	2.13	177.03	172.67	118.22	136.26	134.37	183.39	158.92	160.88
North America (732)	254.32	0.2	247.49	169.28	194.59	253.66	0.2	2.23	253.73	247.49	169.44	195.29	253.07	262.26	196.02	196.02
Europe Ex. UK (521)	185.70	0.8	180.72	123.61	142.10	150.46	0.2	2.47	184.29	179.76	123.07	141.85	150.09	189.09	152.92	152.92
Pacific Ex. Japan (350)	275.72	-1.8	268.32	183.52	210.97	240.06	-1.9	3.11	280.75	273.84	187.48	216.09	244.73	293.58	230.27	231.50
World Ex. US (1750)	178.32	-0.1	173.53	118.69	136.44	138.00	-0.4	2.15	178.43	174.04	119.15	137.34	138.55	184.71	169.85	161.18
World Ex. UK (2176)	201.75	0.1	196.34	134.29	154.37	169.80	-0.1	1.98	201.65	196.69	134.66	155.21	169.03	207.84	170.30	170.92
World Ex. Japan (1899)	235.70	0.2	229.38	156.89	180.35	222.12	0.1	2.59	235.19	229.40	157.06	181.02	221.97	242.17	188.57	188.57
The World Index (2381)	203.84	0.1	198.37	135.68	155.97	173.36	-0.1	2.18	203.70	198.69	136.03	156.79	173.58	209.73	172.87	172.87

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Apr	Jul	Oct	Puts Apr	Jul	Oct
ASDA	100	6½	10	12½	2	4	6
(*104½)	110	1½	8	8	7	9	11
Allied Domecq	460	41½	47	55	1½	6	12½
(*495½)	500	14½	22	33	13	25	30½
Argyll	300	18½	25	30	2½	11	15
(*314½)	330	4	10	18½	17½	28	31½
BAA	500	34½	49½	58	2	9	13½
(*530)	550	8½	18½	25	25	32½	37
Bass	700	46	62½	77½	2½	13½	20½
(*741½)	750	14½	32½	48	18	35	42
Boots	550	52½	60½	65	½	5	12½
(*598½)	600	14½	28½	38	12	27	32½
Brit Airways	500	38½	49	54½	2½	12	17
(*534)	550	7½	19½	27½	22	35	41
BP	500	50½	57½	63½	½	5	9½
(*547)	550	12	24	32	12	22	27½
British Steel	180	6½	14½	18	3½	10½	13½
(*185½)	200	2	8	7½	15½	23½	25
Cable & Wire	460	21	34½	46	12½	22½	27½
(*468)	500	[illegible]	[illegible]	20	36½	49½	51
Comm Union	550	36½	47½	64	3½	12½	22
(*573½)	600	8	21	28½	29	37	47½
Courtaulds	420	16	28½	31½	8½	21½	25
(*426½)	460	2½	10	16	34½	46	50½
Glaxo	800	28	52½	69	17½	30½	41½
(*819)	850	10	30	46½	51½	56½	70
HSBC 75p	950	48	66½	85	24	41	55
(*985½)	1000	19½	42	62½	52	67½	81½
ICI	900	41½	66½	78½	11½	22½	35½
(*927½)	950	16	38	53	34½	45	58½
Kingfisher	500	34	48	57½	6	19	21
(*530)	550	8½	17½	27½	34½	41½	47
Land Secur	600	13½	22½	27½	8½	25	28½
(*602½)	650	1	5	9½	47½	53	64½
Marks & S	420	18½	23	28½	6	14½	18
(*428½)	460	1	6½	12½	32½	40	42½
NatWest	600	33	52½	61	8	19	27
(*621)	650	8½	27½	38½	33	43½	52
PowerGen	500	[illegible]	[illegible]	38½	8½	23	25½
(*509)	550	4½	12½	18½	41½	54	58½
Reuters	700	20½	41½	54½	19½	33½	42
(*705)	750	5	20½	33	55½	64	71
Royal Insce	330	24	34½	41	3½	10½	16
(*348½)	360	7½	18	25	18½	24½	30½
Sainsbury	360	18	25	31	3	11½	14½
(*374)	390	4	10	17	18	28½	31½
Shell Trans.	800	48	48½	57½	5½	13	22
(*843½)	850	10	19½	29½	32½	38	45
[illegible]	650	34½	50½	61½	6	17	25
(*675½)	700	8½	25	36½	30	41½	49½
Std Chartd	550	55½	66	69	6½	23½	33½
(*599½)	600	27½	38	72½	25	45	55
Storehouse	330	11	22	28	7	15½	19
(*333)	360	1½	8½	15	27½	33½	35
Thames Wtr	550	18	24	31½	11	29	32½
(*550½)	600	2	8½	13½	49½	66	67½
Trafalgar	46	[illegible]	4	4	-	-	-
(*48½)	50	½	1½	½	2	1½	2
Unilever	1200	41	58	75	17½	28½	35
(*1228)	1250	13½	32	48	50	57	62½
Zeneca	1400	36	76½	94½	45	72	83
(*1401½)	1450	19½	56	73½	80	102½	112½
Option		May	-	-	May		
Eastern Elec	950	35	-	-	½	-	-
(*975)	1000	3	-	-	25	-	-
Option		May	Aug	Nov	May	Aug	Nov
BAT Inds	500	[illegible]	[illegible]	40	21	29½	35½
(*512½)	550	5½	15½	22½	56½	63	67½
BTR	330	8½	16½	20	11	14½	20
(*335)	360	1	6	[illegible]	36	36½	39½
Brit Aero	850	56	83	97½	17	30	38½
(*883½)	900	27½	55½	71	39	53	61½
Brit Telecom	330	30	37	38	2	8½	11½
[illegible]	360	10	18½	21½	12½	22	25½
Cadbury Sch	[illegible]	21½	35	42½	17	22½	29
(*514½)	550	4½	10½	21½	50½	54	58½
GEC	360	17	24	28	7½	18	21
(*384½)	390	5	10½	15½	25½	36½	39

Option		Calls May	Aug	Nov	Puts May	Aug	Nov
Grand Met	420	28	31½	[illegible]	9½	18	24
(*428½)	460	7	13½	21½	34	41	46
Guinness	460	16	28½	32½	18	21½	26½
(*488)	500	3	11½	19½	48	48½	51½
Hanson	180	18	19	22½	2½	5	9
(*192½)	200	6½	9	13	11½	15	19
Lasmo	180	14½	18½	[illegible]	9	12½	13½
(*182½)	200	6½	11½	14½	21½	24	28
Ladbroke	180	18	23½	28½	10	14	16
(*188)	200	6½	14½	19	22	25½	27½
Lucas Inds	180	19	21½	[illegible]	3½	7	10
(*192½)	200	5	11½	14½	13	18½	20½
P & O	500	28	38½	38½	10	25	36
(*516½)	550	7	16	20½	39	48½	58
Pilkington	191	21½	28½	-	1½	6½	-
(*209)	210	8	15	-	8	13½	-
Prudential	420	28½	40	46	9½	16½	22½
(*448½)	460	[illegible]	20	27	31	37½	43½
RTZ	900	41½	66	78½	16	25½	33½
(*917½)	950	17	38	60	42	52	57½
Redland	380	38	37½	48½	10	16	20½
(*415½)	420	14	21½	27½	25	31	35½
Rolls-Royce	200	18	21½	28½	5	9	11½
(*211½)	220	6	12	18	15	18½	22
Tesco	280	19	23½	27½	5½	8½	14½
(*275)	280	7½	12½	17½	15½	19	24½
Utd Biscuits	220	16	21	28	7	10½	14
(*232½)	240	6½	12	16	19	21½	25
Vodafone	240	20	27	33	6	12½	16
(*252)	260	8	16½	23	18½	22½	25½
Williams	300	19	21	24	7	6	13
(*313)	330	4	7½	10½	27	27½	31
Option		Mar	Jun	Sep	Mar	Jun	Sep
Abbey Natl	500	48	57½	68½	-	6	13
(*542½)	550	4½	28½	36½	11	23	33
Amstrad	180	19½	28	32	-	4½	9
(*198½)	200	2	14½	21	5	13	17½
Barclays	700	10½	34½	47½	6½	24½	35
(*701)	750	-	15	25½	49	58	64
Blue Circle	330	13	20	27½	1	15	18½
(*343)	360	¼	7½	14½	18½	33	35½
British Gas	220	13	17½	18½	-	3	10½
(*232½)	240	1	6½	10	8	19½	21½
Dixons	420	38½	50	67	-	7½	14
(*458)	460	6½	24	33	7	22	30
Forte	343	8	13	17	1	3½	6
(*350)	373	-	2½	4	23	23½	34
Hillsdown	180	2½	7½	10	2	11½	14½
(*180½)	202	-	1½	4	19½	27½	29
LloydsTSB	292	14½	28½	-	1	7	-
(*305½)	322	½	11½	-	17	22½	-
Lonrho	200	8	18	22	1	7½	10½
(*207)	220	-	8	12½	13	18	21
Natl Power	[illegible]	8½	25	28½	8	19	25
(*464½)	500	-	10	13½	35½	46	51
Scot Power	330	21	30½	36½	-	5½	10
(*350½)	360	1	13	18	10	16	24½
Sears	90	8½	10½	11½	-	2	3
(*98½)	100	1	4½	8	2	6½	8
Tarmac	110	7½	11	14½	-	5	8
(*117)	120	1	6	9½	4	10½	13
Thorn EMI	1600	39½	92	120	4½	38	65½
(*1632½)	1700	1½	43½	79½	67½	89	118½
Tomkins	240	17½	24½	28½	-	3½	8
(*257)	260	2	12	18½	5	10	17½
Option		May	Jun	-	Mar	Jun	-
Fisons	260	7½	7	-	½	6	-
(*265)	280	½	0½	-	15	19½	-

* Underlying security price. Premiums shown are based on settlement prices.
March 14 Total contracts, Equity and Index options: 47,527 Calls: 23,319 Puts: 24,208

FT GOLD MINES INDEX

	Mar 13	% chg on day	Mar 12	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (33)	2268.20	+0.6	2254.78	1836.19	1.46	-	2620.73	1722.83
Regional Indices								
Africa (18)	3114.32	+1.0	3084.99	2738.86	2.73	38.54	3553.86	2272.74
Australasia (6)	2577.31	-1.8	2624.28	2049.25	2.46	38.56	2327.34	1986.82
North America (12)	1960.73	+0.8	1984.53	1542.38	0.68	99.76	2186.39	1488.94

 Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92. † Partial. Latest prices were unavailable for this edition.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	50	2	18
Other Fixed Interest	0	0	14
Mineral Extraction	80	63	77
General Manufacturers	209	106	338
Consumer Goods	73	44	119
Services	130	87	291
Utilities	17	7	21
Financials	86	115	195
Investment Trusts	178	51	369
Others	48	38	51
Totals	871	513	1483

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	Mar 4	Expiry	May 30
Last Dealings	Mar 15	Settlement	June 6

Calls: Blacks Leisure, Caspian, Dana Expl, Radius, Smith & Nephew. Puts & Calls: BAT Inds, SCS Satellite Comm, Zeneca.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1995/96 High	Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	51.8	527	498	BZW Eq (Brmda)	516		-	-	-	-
-	F.P.	1.33	2	2	†Capital & Westm	2		-	-	-	-
-	F.P.	0.07	6½	3¼	Clubhaus Wts	3¼		-	-	-	-
7.8	F.P.	14.7	8½	5¼	Clubhaus	6		-	-	-	11.1
12	F.P.	63.2	16½	14	†Freepages	14½		-	-	-	-
-	F.P.	38.0	143	108	†HOC Intl	143	+7	-	-	-	-
100	F.P.	22.6	52	25	Life Offices PP	52		-	-	-	-
-	F.P.	84.1	43	42	M & G Equity Inc	42½	+½	-	-	-	-
-	F.P.	62.8	24½	20	M & G Equity Cap	21	+½	-	-	-	-
-	F.P.	6.17	92	88	M & G Equity Div	90	+1	-	-	-	-
145	F.P.	105.4	[illegible]	145	MacDonald Hotels	180		RW4.0	2.3	2.8	18.6
-	F.P.	18.2	71	65	†Optical Care (B)	70		-	-	-	-
-	F.P.	[illegible]	250	241	Schroder UK G Uts	242		-	-	-	-
175	F.P.	121.8	223	197	Shire Pharms	200		-	-	-	-
[illegible]	F.P.	34.4	[illegible]	123	Stadium Group	125		Lv3.6	3.1	3.8	10.5
180	F.P.	108.5	189	175	[illegible]	175		Wv7.7	1.7	5.5	13.2
185	F.P.	105.3	231	218	Visual Action	231	+1	Rv4.7	2.9	2.5	16.9

† Alternative Investment Market. For a full explanation of all other symbols please refer to The London Share Service notes.

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1995/96 High	Low	Stock	Closing price p	+or-
185	Nil	19/3	33pm	28pm	Headlam	30pm	
155	Nil	9/4	37pm	12pm	Persimmon	36pm	

pm premium.

FINANCIAL TIMES EQUITY INDICES

	Mar 14	Mar 13	Mar 12	Mar 11	Mar 8	Yr ago	*High	*Low
Ordinary Share	2758.2	2736.6	2729.9	2746.9	2760.0	2371.5	2807.9	2238.3
Ord. div yield	3.92	3.95	3.96	3.94	3.91	4.47	4.73	3.76
P/E ratio net	16.61	16.50	16.46	16.56	16.65	16.51	21.33	15.35
P/E ratio nil	16.28	16.16	16.13	16.23	16.32	16.16	22.21	15.17

Ordinary Share Index since compilation: high 2807.9 5/03/96; low 49.4 26/6/40. Base Date: 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2740.4	2739.0	2743.1	2744.0	2760.5	2752.5	2751.9	2752.2	2753.7	2758.2	2735.3

	Mar 14	Mar 13	Mar 12	Mar 11	Mar 8	Yr ago
SEAQ bargains	36,957	35,443	35,620	40,381	37,914	27,404
Equity turnover (£m)†	-	1951.7	1641.5	1681.6	1998.2	1614.5
Equity bargains†	-	39,842	40,574	46,241	41,760	40,369
Shares traded (ml)†	-	666.1	572.3	574.2	700.5	719.9

†Excluding intra-market business and overseas turnover.

	Mar 14	Mar 13	Mar 12	Mar 11	Mar 8	Yr ago	*High	*Low
FT-SE AIM	966.33	967.72	969.39	965.68	978.04	-	1054.62	965.68

*For 1995/96.

JOBS: The labour market is growing increasingly complex and difficult to interpret

Realistic picture of work remains elusive

Reporting things that are not happening rarely sells newspapers. But sometimes it is important to examine whether there is any substance in assumptions and expectations which are shaping economic policies, businesses and even individual life choices.

One is the assumption, widely held across society and supported by a plethora of literature, that we are entering the age of the flexible labour market and that the smooth career path to retirement is over. This model of work portrays increasing numbers of people in future as hunter-gatherers, hungry freelances foraging for work and moving from project to project.

However, Business Strategies, an independent private consultancy, has just published a study of the UK labour market which appears to demonstrate that the assumption rests on shaky foundations. It found the proportion of employees in permanent, self-employed, temporary and part-time work had not changed significantly in the past 10 years and predicts no great change over the next 10 years.

For example, some 85 per cent of the working population had full-time jobs in 1985; in 1995, the proportion had dropped to 82 per cent. By 2005, according to the consultants' calculations, it will be 79 per cent.

As for the growth of part-time employees, it is slowing. Interestingly, the report takes issue with the assumption that part-time employment is undesirable. It quotes earlier research which suggested that most part-timers work this way by choice. It also reports a high degree of job satisfaction among part-time employees.

Although the number of temporary workers is growing fast, their proportion of the workforce will remain in single figures well into the next century – 8 per cent, compared with 5 per cent in 1985. Yet despite such figures, Business Strategies still felt constrained to predict a big increase in flexible working. It is almost as if there is an unconscious acceptance of the spread of flexible working in spite of evidence that shows it is *not* happening on any great scale. Is this part of some greater delusion among the workforce generally, fed by gurus and leading to employment policies executed unquestioningly by management? Could this help in some way to explain the puzzling phenomenon that is rather clumsily described as lack of feel-good factor?

Management theorists, promoting the need for accelerated change in order to maintain competitive edge, have ushered in patterns of human resource management designed to wring the optimum performance from the smallest number of people capable of doing the job. If the company cannot get the best out of its own people, then it can go outside for skills – and when the contract workers are worn out, it can get some fresh ones. Little wonder that there is uncertainty and unhappiness among people who are perfectly able to do their jobs, yet who are constantly looking over their shoulders at whether theirs will be the next job to go.

Businesses have been developed on both sides of the Atlantic that depend on changing work patterns for their existence. Solutions can be bought off-the-shelf from career development counsellors, stress counsellors, outplacement agencies and those for interim executives and part-time professionals. Job-getting is a multi-billion dollar industry in its own right. But much of the industry has a vested interest in the movement of employees in and out of work. It needs turnover.

There are many good aspects of this industry, as it helps to ease the flow of talent from one job or business to another, but it tends to use and stress the language of change. The organisation of work has also attracted original and inspiring thinkers such as Charles Handy, whose outline of the portfolio career, comprising separate pieces of freelance work, appears convincing, particularly when viewed against a proliferation of contract work in the computer systems sector.

But such ideas, stimulating as they may be, need to be tempered by analysis. Only when observation is matched to statistical evidence do the trends in changing work patterns begin to be visible. The Business Strategies' study seems to indicate that while some change is happening, it is gradual and not necessarily permanent.

In spite of its arguably over-bold prediction on flexible working, the study makes a useful contribution to the research of working patterns. In an attempt to explain the lack of change overall in job turnover figures, it theorises that much of the job-changing in the 1960s may have been voluntary, whereas today it may be increasingly involuntary – leading to less job security. So, while the headline figures may be similar, they could disguise differing employment trends.

On the increase in temporary employment, the study ventured that social obligations may be working against permanent employment. While the direct wage costs of temporary staff are often higher than those of permanent staff, there tend to be fewer social costs, such as sick pay, holiday pay, pensions and redundancy money.

Although there is little statistical evidence to say whether or not the labour market is undergoing a large-scale sea change, there are pointers from the economic upsurge of the 1980s and subsequent recession of the 1990s.

The growth and later decline of the numbers of self-employed is an example. Self-employment surged in financial and business services and construction in the 1980s, but then fell back sharply in the harsher 1990s. The numbers of self-employed in construction, for example, fell by nearly 19 per cent during the last recession. The picture, then, is one of short-term fluctuations rather than of lasting change.

Much of the temporary and part-time work recorded in the research is low paid: it found that no more than a quarter of part-time women were earning more than £6 an hour.

If anything, the research seemed to support a picture of a two-tier society. Better-off households often have two wage-earners in combinations of full-time and part-time jobs, while other households struggle with a series of lower-paid temporary contracts. As the study says: "There is a trend towards 'work rich' (and thus 'wage rich') and 'work poor' households. Partners will either tend to both be in a job, often with one full-time worker and one part-time, or they will both be out of work – encouraged by current social security rules."

There was some evidence of a growing group of professionals, such as accountants, in temporary work, often commanding higher salaries to compensate for the lack of accompanying social benefits. Whether this is strong enough to point to the birth of the portfolio career, however, is debatable.

What does seem clear is that the labour market cannot be captured in a few simple headlines. It seems too early, from the evidence of this latest body of research, to discern a long-term trend that can be distinguished from the short-term changes resulting from the fluctuating economic cycle.

● The report also looks at job patterns in some UK regional financial centres. Many of these centres appear to have captured domestic growth in financial services from London, which, nevertheless, has successfully consolidated its role as an international financial centre.

Among the most prominent regional changes have been a fall in banking and insurance jobs in Manchester and growth in these sectors in neighbouring Cheshire. Glasgow is losing insurance jobs but will make up for these with new banking developments.

Labour Market Flexibility and Financial Services is available from Business Strategies, 192 Vauxhall Bridge Road, London SW1V 1DX, price £7,500 plus VAT.

Richard Donkin

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The EMI is looking for candidates to fill two positions as Information Systems Auditors in the Internal Audit Office at very short notice. One vacancy is for an Information Systems Auditor (Projects) who, under the supervision of the Head of Internal Audit, will participate in the auditing of major IT projects under development. The sucessful candidate will be experienced in the area of payment systems, the auditing of large information systems projects from design to implementation, i.e. throughout the project life-cycle and will have an in-depth knowledge of Wide Area Networks (X25, ISDN, S.W.I.F.T.) He/she will also be familiar with the investigation of systems security, specifically network security.

The second vacancy is for an Information Systems Auditor (In-House Systems) who, under the supervision of the Head of Internal Audit, will be responsible for the auditing of in-house systems and IT projects. The successful candidate will have experience of installation reviews, ideally in VAX/VMS, UNIX and Novell environments. He/she will be familiar with networks (LANs and WANs), and have good experience of TCP/IP and Novell IPX. He/she will also be familiar with the investigation of systems security, specifically network security.

The positions will be on a fixed-term contract basis and candidates must be a national of a Member State of the European Union.

Qualifications

- Professional experience of between 2 and 5 years as Junior IS Auditor, preferably in the banking sector, or as an IS Engineer with financial knowledge. CISA would be an advantage.
- *Good communication skills, self-motivation and a sense of initiative.*
- Proven ability to produce technical studies and to present findings and recommendations in a clear and concise manner.
- Practical knowledge of the standard Microsoft Office Automation packages (MS DOS 6.2, MS Windows 3.1, MS Office Professional 4.3).
- Fluency in English and proven drafting ability in that language; a command of German would be an advantage.

Applications, which should include a Curriculum Vitae and a recent photograph, references confirming the required experience and skills and, if possible, copies of papers and notes prepared by candidates, should be addressed to the European Monetary Institute, Personnel and Office Services Division, Postfach 10 20 31, D-60020 Frankfurt am Main, and should reach us no later than 25th March 1996.

هكذا من الأجل

Global Business Controllers

Zurich

Our client is a prestigious global banking organisation. Enjoying sustained profitability, an excellent credit rating and an enviable client base, it is one of the strongest and most stable forces in international investment banking and securities trading.

Headquartered in Zurich, the global product control function is being developed to enhance the quality of support and analysis provided to senior management and to the trading businesses. The current need is to strengthen capacity by adding talented people to the existing team. There is sufficient flexibility to accommodate individuals with levels of experience potentially as diverse as two to ten years. The key attributes sought include:

- Intelligence, numeracy, IT literacy and analytical skills.
- Product understanding, ideally of fixed income, commodities or derivatives.
- Experience of product control and/or operational risk management, to include P&L reporting, portfolio valuation and risk monitoring. Knowledge of option theory and economic analysis would be ideal.
- Business understanding, organisational ability and relationship management skills.
- Maturity, credibility and the potential to progress.

As a gifted graduate and probably a qualified accountant, you will have the confidence to deal with colleagues and business managers at all levels and the capacity to add value from a business development perspective. You will be fluent in English; some German would be useful. A minimum three year commitment to Zurich is needed. In these high profile, business focused roles, remuneration will not be a limiting factor and career development prospects are excellent for individuals of the high quality required.

Please write to Janet Bullock at BBM Selection, quoting reference 379 and enclosing a full Curriculum Vitae that includes contact telephone numbers. All applications will be treated in the strictest confidence.

76, Watling Street, London EC4M 9BJ

BBM SELECTION

Tel: 00 44 171 248 3653
Fax: 00 44 171 248 2814

Senior Salesman - International Bond Sales

Commensurate with position **City**

Superb position within a global investment bank based in London

The Company
- Major UK based international investment banking group
- Stable, profitable, prestigious

The position
- The principal aim of this position is to work within a global investment bank, based in London, servicing a US customer base of leveraged accounts and total return money managers
- The position will also entail the production of cash, derivatives, FX and futures business
- Create trade ideas for the customer base

Qualifications
- The individual requires a solid US account base
- Proven sales experience in International Bond Sales
- Excellent technical and cross market selling skills are essential
- Educated to degree level in finance or economics, MBA desirable

Please contact Benjamin Anderson on 0171 379 3333, or Michael Neame. Alternatively send or fax an up-to-date CV to Robert Walters Associates, 25 Bedford Street, London WC2E 9HP Fax 0171 915 8714

Senior Trader - European Government Bonds

Commensurate with position **City**

Superb position for a seasoned trader (not solely a proprietary position) within a global investment bank based in London

The Company
- Major UK based international investment banking group
- Stable, profitable, prestigious

The position
- The principal aim of this position is to work within a team of European Government Bond traders servicing an international client base
- The post will require the positioning of relative value trades and advising front book traders on cross-book positioning
- Work with both the front book traders and the sales desk to facilitate retail flows

Qualifications
- The individual requires proven customer experience
- Thorough knowledge and established track record in trading European Government Bonds is essential with particular experience in arbitrage strategies most notably in Germany & Italy
- Experienced in utilising derivatives to help create strategies
- Technical experience with a degree in finance, MBA desirable

Please contact Benjamin Anderson on 0171 379 3333, or Michael Neame. Alternatively send or fax an up-to-date CV to Robert Walters Associates, 25 Bedford Street, London WC2E 9HP Fax 0171 915 8714

NON-LIFE ACTUARIES

Two exciting opportunities in a creative environment
Excellent career prospects

City of London **Competitive Packages**

The Company
A leading international reinsurer with global operations. Recent changes have led to opportunities for two experienced and creative property/casualty actuaries.

Role 1
The company has placed great emphasis on the sound pricing of its products. Reporting to the Actuary, General Business and operating at the leading edge of actuarial practices this role is to spearhead the pricing and reserving function. The successful candidate will be expected to lead projects in the pricing and financial framework areas.

Role 2
In response to the changes in the global risk and financial markets, the company is looking to develop new approaches to reinsurance. This role is to work as part of a small, highly skilled team to develop innovative alternative risk transfer techniques.

Qualifications
- Qualified actuary, with significant non-life experience.
- A creative thinker.
- Excellent technical skills.
- Ability to develop and apply computer models to assist with developing solutions.
- A team player with excellent communication skills and persuasive abilities.
- Willing to work hard and have fun.

For an initial discussion in complete confidence call Barbara Schönhofer on 44(0)171-236 7307 or send details to 20 Cousin Lane, London EC4R 3TE. Fax 0171-236 7705.

STEPHENS SELECTION

STEPHENS

Our client, one of the best known and reputable names in global financial services, wishes to augment their highly respected and professional Compliance department. Working within a S.F.A. regulated environment you will be degree educated and able to demonstrate excellent communication skills. Additionally you will be proactive, diligent and able to represent the department at all levels of the organisation. Both roles will suit individuals who are committed to a career in Compliance.

COMPLIANCE OFFICER

The ideal candidate will have 2-3 years relevant experience, probably with an Accounting background. Your role will be to monitor securities trading activity covering all product areas, including derivatives. You will also conduct compliance reviews, assist in the preparation and updating of procedural manuals and effectively and efficiently respond to day to day queries from the operating department. Ref. COMP/FT.

COMPLIANCE ASSISTANT

Acting initially as the personal assistant to the Global Head of Compliance, your main function will be to assist with the co-ordination of the compliance effort in all securities and investment banking operations world-wide. It is invisaged that after a period of some 12-18 months, the candidate would progress to a Compliance Officer role. Ref: ASSIST/FT.

The attractive salary and benefit package will depend on experience and all enquiries will be treated in total confidence. If you are interested in either role, please apply, quoting the appropriate reference and enclose a copy of your CV to:

Sammons Associates
EXECUTIVE SEARCH AND SELECTION
POLPART HOUSE, 46 FISH STREET HILL, LONDON EC3R 6BR
Tel: 0171-293 7040 Fax: 0171 623 6011

PART OF THE SAMMONS GROUP

European Financial Institutions

London **Excellent Package**

Our client is one of North America's leading banks, providing an innovative range of capital market, derivative and credit products. Sustained growth in Europe has given rise to a number of existing opportunities to join this highly regarded team within trading room credit risk management.

Relationship Manager

- Responsibility for all counterparty/issuer related risk for trading business with a portfolio of European industry sectors and countries.
- To proactively manage both complex and higher risk credit requests on a highly responsive basis.
- Evaluating new and existing counterparties/issuers, involving significant client contact.
- Liaising with trading room marketing groups to determine level and nature of risk.

Candidates must possess strong credit skills with a minimum of five years experience. In addition, you should have excellent communication and presentation skills together with the ambition and motivation to succeed in this growth area.

Credit Risk Analyst

- Responsibility for supporting the development of credit relationships with European financial institutions, with particular emphasis on Germany.
- Preparation of applications with recommendations for credit limits for new and existing business.
- Assisting in the development of relationships with new counterparties.
- Maintaining a portfolio of counterparty and issuer names primarily in Germany and Central Europe.

Candidates must have a minimum of two years relevant experience and should be fluent in the German language. You should also have the ability to work as part of a team, in a dynamic and pressurised environment.

The remuneration packages for these roles are excellent, comprising an attractive base salary, performance bonus and banking benefits.

Interested candidates should telephone Simon Lewis on 0171 831 2000 or write to him enclosing a full curriculum vitae at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH. Fax: 0171 405 9649.

Michael Page City
International Recruitment Consultants
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LE FONDS DE DEVELOPPEMENT SOCIAL
DU CONSEIL DE L'EUROPE
INSTITUTION FINANCIÈRE INTERGOUVERNEMENTALE REGROUPANT 24 PAYS recherche

4 cadres haut niveau

POUR RENFORCER SON SIÈGE À PARIS
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■ RESPONSABLE DE ZONE A LA DIRECTION DES PRETS

Agé de 35 ans ou plus, de formation supérieure en Finances et Gestion, vous avez une expérience confirmée du financement de grands projets. Vous avez travaillé dans un environnement international au sein de banques ou établissements financiers, ou comme "Loan Officer" dans une Banque de Développement.
Vous serez responsable de l'unité (3 à 4 collaborateurs) qui pilote les projets concernant une zone géographique de 8 à 9 pays européens. Vous aurez en charge les propositions de financement et les négociations avec les autorités de chaque pays. Vous coordonnerez tous les intervenants depuis les études préalables jusqu'au bilan après réalisation. (réf. RZ/F)

■ CONSEILLER TECHNIQUE, EXPERT DEVELOPPEMENT SOCIAL

Agé de 30 ans ou plus, de formation supérieure en Sciences Sociales, Economiques ou Démographiques, vous avez une expérience confirmée des projets dans le domaine de la santé, de l'éducation ou des mouvements de population. Vous avez travaillé, si possible, dans une Banque de Développement et connaissez les méthodes d'évaluation et d'analyse coût/efficacité des projets ou des programmes nationaux.
Etant le seul expert du développement social au sein de l'équipe des conseillers techniques (4 agents), vous serez responsable de l'appui technique sur tous les projets de ce secteur, depuis l'instruction (évaluation des besoins, faisabilité du projet, validation des données technico-économiques, etc) jusqu'à l'achèvement et l'évaluation des résultats. (réf. CT/F)

■ ECONOMISTE

Agé de 28 à 35 ans, de formation supérieure en Economie, vous avez une expérience minimale de 3 ans de type "Country Economist" dans un Centre d'Etudes Economiques public ou privé, une organisation internationale de développement ou un centre universitaire.
Au sein du Département des Etudes, vous serez chargé de l'analyse et du suivi de la situation économique et sociale des 5 à 10 pays prioritaires pour l'Organisation. Vous réaliserez les synthèses permettant de définir les grandes orientations de la politique de projets et d'éclairer les choix sectoriels et géographiques. (réf.E/F)

■ RESPONSABLE DU DEVELOPPEMENT AU SERVICE INFORMATIQUE

Agé de 28 à 35 ans, de formation supérieure en informatique, vous avez une expérience minimale de 5 ans dans la conduite de projets informatiques dans le secteur bancaire. Vous avez rédigé des cahiers des charges, réalisé des analyses fonctionnelles, mis en place des applications et formé les utilisateurs. Vous connaissez également les métiers de la banque.
Venez participer à la définition d'un nouveau schéma directeur et à la refonte intégrale des systèmes d'information. Vous assurerez la coordination des projets, le suivi et le contrôle des prestataires extérieurs. (réf. RD/F)

Les quatre postes relèvent d'un statut de fonctionnaire international.

Merci d'adresser votre dossier de candidature (CV + rémunération actuelle + n° de téléphone), en précisant sur l'enveloppe la référence du poste choisi, à Communiqué, 50/54 rue de Silly, 92513 Boulogne-Billancourt Cedex.

MEDIAPA

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appears in the UK edition *every Wednesday & Thursday* and in the International edition every Friday. For further information please contact:
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Mathematician/Physicist/Engineer with 1st/2:1 and Ph D/M.Sc. plus 1 year's Capital Markets experience to work in top U.S. Investment Bank.

Please contact Carl Baum,
Tel: 0171 972 0150
Fax: 0171-972 0151

GENERAL MANAGER, SECRETARY

Prestigious Golf & Country Club seeks top class *Manager/Secretary*. Age 45/55. Salary £25k neg. Accommodation, F. Board provided – no children.
Apply with CV to:
The Chairman, Dyrham Park Golf & Country Club, Galley Lane, Barnet, Herts EN5 4RA.

APPOINTMENTS WANTED

BOOMING CUBA

Young, hardened MBA fluent in English Spanish and French with contacts in Cuba and 4 years multifaceted experience in Europe, Eastern Europe and C.I.S. looking for a position in a booming Cuba. Excellent references.

Contact: UK Tel (44) 1276-61066
Fax (44) 1276-677-678

SENIOR INSTITUTIONAL SALESMAN
Switzerland

With over 500 offices in 70 countries worldwide, Société Générale plays a significant role in all key international markets offering a comprehensive range of products and services in capital markets and investment banking.

As part of the continuing development of the Fixed Income division in London we are looking to recruit an experienced Institutional Salesman to sell a wide range of fixed income products, including option strategies and structured deals into the Swiss market, provide comment on the market significance of economic developments, advise on yield curve and spread developments, and develop cross currency flows for clients.

Candidates should be/have:
- at least 5 years' experience in the Fixed Income market
- an established client base including major Swiss asset managers
- a good communicator and team player
- speak French and preferably Swiss/German fluently

Applicants should contact:

Amanda Whiteford, Director, Head of Personnel, Societé Générale, Exchange House, Broadgate, London EC2A 2HT.

LET'S COMBINE OUR TALENTS.

Société Générale is regulated by the Securities and Futures Authority

GRADUATE TRAINEE
"CLAIMS ADMINISTRATOR"

£ Excellent [illegible] + Bonus

A premier commodities group with substantial oil trading, refinery and production interests, seeks ambitious recent graduate to take an initial training assignment leading to an opening within the Claims Department.

You will possess at least 2:1 or better in an Economics/ numerate/financial/legal degree. Have good communication skills, be computer literate, precise, able to handle details well and preferably able to understand contract terms. Acumen to succeed in a challenging but highly rewarding environment and be able to start quickly. 1-2 years oil industry experience an advantage but not essential.

Write to Box A5296, Financial Times, One Southwark Bridge, London SE1 9HL

H
HENDERSON

Business Development
Financial Administration Services

Excellent Salary Package + Bonus — **City**

Two outstanding opportunities for highly-professional business developers to join a successful team with prestigious client list.

THE COMPANY
- Henderson Administration Group plc is a leading provider of high-quality funds administration services to premier institutions in the UK and Europe.
- Turnover built to over £6m in five years. Expansion of external services is a key element of Group strategy.
- Services delivered from well-established operations in London and Luxembourg.

THE POSITIONS
- Two excellent opportunities exist for sales people in expanding London-based team.
- One position focusing on winning business for Luxembourg office; principally administration of offshore funds and private client accounts.
- Second role developing strong market position for administration in UK of investment trusts, PEPs and private client accounts.
- Maximise opportunities from excellent foundations laid by present team, goodwill of existing clients and Henderson's reputation in marketplace.

QUALIFICATIONS
- Both positions demand professionalism, focus, energy and tenacity. Highly-motivated, performance-driven, effective team players.
- Track record of successful sales activity and ability to close deals, preferably in the professional service sector, essential. Knowledge of financial products administration an advantage.
- European languages and PC skills desirable.

Please send full cv, stating salary, quoting ref FS60207FT for UK, or ref FS60208FT for Luxembourg, to NBS, 10 Arthur Street, London EC4R 9AY

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BUSINESS ANALYST
c£40,000 — **Frankfurt**

Hughes International GmbH, a subsidiary of General Motors Hughes Electronics, develops and manages globally integrated training programmes for internationally operating companies, as well as military and civil services. We are now developing into new and growing markets.

Your area of responsibilities will include conducting broad-based financial activities such as: supporting strategic pricing activities by analyzing costs and revenue, budgeting and planning, and preparing actual to budget analysis.

The ideal candidate should possess a degree in Finance or Business Administration and at least 6 years of finance related experience preferably in a large manufacturing company. We expect high *competency in computer skills such as financial modelling using* Excel or Lotus. Systems or database management experience would be an asset.

Based at European headquarters near Frankfurt, you can expect an attractive compensation and benefits package and the *opportunity to work in a dynamic team environment within a* broad multicultural and fast expanding organisation.

If you are looking to join the largest global training company please send your résumé, a photograph, current salary and availability to Hughes International GmbH, Human Resources European Headquarters, Eisenstrasse 2-4, D-65428 Rüsselsheim, Germany.

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INSTINET
A REUTER COMPANY

Senior European Coverage Trader

Instinet, a subsidiary of Reuters Holdings plc since 1987, with annual revenues exceeding £200 million, is one of the world's most active securities brokers. Combining advanced technology and traditional brokerage, Instinet helps fund managers, brokers, market makers and exchange specialists achieve best execution in over 30 countries world-wide.

Instinet executes client trades in all European markets and has established offices in Frankfurt, Paris and Zurich to facilitate business in these Countries. Due to the rapid growth of business in European markets, Instinet seeks an experienced senior European Coverage Trader to service UK and European institutions from London, in those markets where Instinet does not currently have a presence.

The ideal candidate will have at least 5 years experience covering the main European markets, either with an established institutional broker and/or a buy-side institutional dealing desk. Whilst the technology that Instinet uses is not complex, candidates should be PC literate and have a sound working knowledge of Microsoft Excel and its use in dealing rooms. Candidates should be self-motivated and eager to participate in rapidly growing and evolving European business.

An attractive remuneration package is offered.

Interested parties should send a detailed resume to:

Mr Leslie J Brady MSI
Instinet UK Limited
Commodity Quay
East Smithfield
London E1 9UN

By 22nd March 1996

All responses will be dealt with in confidence. Strictly no agencies.

Human Resources Management - Investment Banking

Our client is one of the top ten financial institutions in Germany, a successful and profitable bank with both a strong local focus as well as an established international presence.

The Human Resources Group of this organisation is seeking a

PERSONNEL MANAGER INVESTMENT BANKING

We are looking for a Human Resources Manager with proven investment banking experience. The successful candidate will act as adviser/coordinator for the Investment Banking division in personnel decisions, planning, hiring and coaching personnel.

You will have an excellent university degree, be highly motivated and have considerable experience of investment banking. Priority will also be given to candidates with an international background.

If you are interested in joining a dynamic team in a major German city please send your résumé (quoting "Personnel Manager Investment Banking") to: Dr. Jäger Management-Beratung, D-61462 Königstein, Seilerbahnweg 14, Fax: 0049 61 74 / 93 62 11. For further information contact Sabine Weller von Ahlefeld, Tel. 0049 6174 / 93 62 - 0.

DR. JÄGER
MANAGEMENT-BERATUNG

SPECIALIST SALESPERSON/ANALYST

One of the leading international Equity securities firms, is seeking to strengthen their strong franchise in the financials sector by recruiting a Specialist Salesperson/Analyst.

Main responsibilities will include communicating current investment views on the financial sector to institutional clients.

The successful candidate is likely to be educated to degree level and have completed 2/3 years training within banking/ insurance. This candidate will have strong written and oral communication skills, and the ability to develop creative and innovative ideas within a busy team-oriented environment, will be essential.

Interested applicants should forward their application including cv to:

Box A5320, Financial Times,
One Southwark Bridge, London SE1 9HL.

National Bank of Bahrain
بنك البحرين الوطني

National Bank of Bahrain is the leading commercial bank in Bahrain with assets in excess of US$ 2.5 billion. The bank maintains strong relationships with the prime public and private sector companies within its core domestic market and, through selective expansion, has been successful in extending corporate banking services to the wider GCC market. To consolidate and strengthen *its corporate banking business, NBB invites applications from outstanding professionals for the* key management position of:

Assistant General Manager, Corporate Banking

Major responsibilities :
- As Head of the Corporate Banking division, direct and control the bank's wholesale/institutional banking and investment activities in Bahrain, the Gulf region and internationally to achieve asset growth and earnings targets.
- Lead a team of experienced senior relationship officers in managing the requirements of major companies operating in the industrial, commercial, trade and services sectors.
- Identify and analyse market trends, develop and implement effective strategic business plans to ensure attainment of profit objectives.

Position requirements :
- *Graduate with a masters degree.*
- At least 10 years experience as a senior marketing officer with a first-rate regional / international financial institution.
- Exposure to project finance and loan syndication activities.
- Demonstrated skills in marketing, finance and credit management.
- Strong leadership, planning and analytical skills.
- Sound working knowledge and experience of GCC markets would be advantageous.
- *Fluency in English and Arabic.*

NBB offers an excellent remuneration package plus additional benefits.

Please forward your application to:

Senior Manager, Personnel Administration
National Bank of Bahrain
P O Box 106, Manama, Bahrain

EQUITY RESEARCH ANALYST

Merrill Lynch, the leading international equity securities firm, is seeking to recruit an Analyst to join its Investment Trust team.

Merrill Lynch's Investment Trust team has built up a strong reputation, based on high quality research. We are looking for another individual to join this highly successful team. Specialising on offshore country funds, this person will eventually be given responsibility for producing research reports and investment recommendations on over £20bn worth of funds.

Candidates will not be expected to have a knowledge of investment trusts or offshore funds. However we do require individuals with a strong academic background who are able to demonstrate both excellent literacy and numeracy skills. An ability to work as part of a small team is also essential.

We offer a varied and challenging career in a dynamic environment with significant scope for rapid progression. A highly attractive remuneration package will be offered to the successful candidate which reflects our commitment to rewarding individuals for their contribution to the overall success of the business.

Interested applicants should send their curriculum vitae to:

Andrew Walker, Personnel Manager,
Merrill Lynch, 20 Farringdon Road, London EC1M 3NH.

Merrill Lynch

NOMURA

Fixed Income Research

Econometric opportunities in Financial Services

Excellent Salary

Banking Benefits

London Based

Nomura International Plc is the European operation of one of the world's largest investment banks. It has a presence in all the major European financial centres with Headquarters in London. The Debt Markets division covers the fixed-income related product range and includes European Government bonds and Eurobonds.

A specific research group has been established to provide tactical support to the division and research products to clients. This group now has a requirement for a Statistician/Econometrician.

The jobholder would support applications in the analysis and forecasting of financial and econometric timeseries. Applicants should therefore be conversant with the most recent techniques for parametric estimation, modelling and simulation of processes such as inflation, interest rate and exchange rate subject to discrete and continuous times.

In addition to these technical skills the successful applicant will also be able to demonstrate an ability to work easily within a team and convey complex ideas in an understandable manner.

In addition to a competitive base salary the Company offers a range of attractive Financial Services benefits. Applications should be made with full CV and covering letter to Nicola Robertson, Human Resources Department, Nomura International Plc, Nomura House, 1 St Martin's-Le-Grand, London EC1A 4NP

Global Investment Organisation

PORTFOLIO ANALYST: CLIENT SERVICES
London

This is a unique opportunity to join a new global fund management organisation which has been formed through the acquisition of a leading asset-allocation firm by one of the world's largest investment managers.

The European Client Services Director of this new company, Cursitor Alliance, seeks a numerate enthusiastic individual to work in the client servicing team as a portfolio analyst.

The Position:
To be responsible for maintaining and analysing performance statistics for the range of products managed within the group. To carry out portfolio analysis in response to client requests and for product design.

The Requirements:
The candidate should be educated to degree level with preferably a mathematical background and be numerate and logical. They must be computer literate, a good communicator, and work on their own initiative. They should have two years work experience preferably, but not necessarily in Financial Services.

If you are interested in this position please send your C.V. with current salary details to: Tanja Linderoos, Cursitor Alliance, 66 Buckingham Gate, London SW1E 6AU.

Ingénieur financier
ADJOINT AU RESPONSABLE DE LA CRÉATION D'OPCVM

Au sein de notre Direction des Gestions Mobilières, vous serez responsable du pôle financier pour la création des OPCVM. Votre équipe, constituée de 4 collaborateurs, aura un rôle de proposition, d'innovation sur toute la gamme des produits de gestion diffusés en France et à l'étranger. Vous travaillerez en relation étroite avec les membres du pôle réglementaire chargé de valider les aspects juridiques des produits.

Vous aurez à concevoir l'offre commerciale des gestions mobilières à partir des besoins exprimés par les équipes techniques financières, et exercerez une veille permanente sur le marché et la concurrence.

Diplômé d'une école d'ingénieurs ou titulaire d'un troisième cycle universitaire, vous maîtrisez parfaitement l'anglais, votre expérience professionnelle de 5 à 7 ans vous a permis d'acquérir une bonne connaissance des instruments financiers, des produits dérivés et des OPCVM. Une expérience réussie dans la création de produits du même type sera un atout supplementaire.

Merci d'adresser lettre de motivation, CV et prétentions, sous réf. CF/RCP. à Corinne Fondecave. Société Générale, Service du recrutement, Espace 21, 92972 Paris-La Défense.

Avec 44 000 collaborateurs dans le monde, 2 000 agences en France et plus de 500 implantations dans 70 pays, la SOCIÉTÉ GÉNÉRALE, groupe international, est active dans tous les métiers de la banque et de la finance.

CONJUGUONS NOS TALENTS.

MEDIA SYSTEM

ACCOUNTANCY APPOINTMENTS

IT Senior Appointments

IT City Appointments

RISK – Professionals

ams Management Systems

AMS's business is to partner with clients to achieve breakthrough performance through the intelligent use of information technology. AMS is a business and information technology consulting firm that provides a full range of services: business re-engineering, change management, systems integration and systems development and implementation.
AMS, which completed its 26th consecutive year of growth, has 6,000 consultants working in 47 offices worldwide. AMS's European revenues have grown at an annual rate of 97%, making the firm the fastest growing consultancy in Europe.

The RISK practice of AMS is focused on larger financial institutions.
Through our 10 European offices, we assist our clients with a range of consulting services that help bridge the gap between best practices finance theory and current state. Our expertise includes mathematical concepts, organisational design, risk controlling and information technology.

Positions are now available to work initially in Europe on the design and implementation of Global Risk Management Systems. Our culture is driven by producing *measurable results for our clients. We interface with all levels of the client organisation.* We deliver a range of tangible benefits such as data warehousing, VAR reports, risk engines and change management programs.

UK ◆ NETHERLANDS ◆ GERMANY ◆ FRANCE

C++ Analyst Programmers
£30-45,000

Analyst Programmers are required with a minimum of two years' *financial systems development experience* of Object Oriented design and development concepts using C++. Although Sybase Version 10 or other RDBMS would be ideal, it is not essential.
Working in highly focused business systems groups, your role will be to *develop OO solutions for complex and dynamic risk systems.* The ability to translate business ideas into re-usable components is critical.
You must have a basic understanding of trading products – primarily interest rate based and derivatives – with a working knowledge of Unix, preferably Solaris or HP-UX. *Ideally you will have spent at least two years'* in the areas of trading risk or front office systems with six months+ in front/middle office. Ref: 055/96

Database Architect – Sybase
£30-45,000

A *talented* Database Architect *is required with a detailed understanding* of database development concepts and at least two years' financial systems experience, using all Sybase products including supporting development utilising Replication Server.
A *background* in trading risk or *front office systems – primarily interest* rate based and derivatives – with six months+ in front/middle office is also required. Ref: 053/96

Senior Business Analysts
£45-55,000

Senior Business Analysts must be able to show strong structured analytical experience preferably in an Object Oriented environment with an understanding of how large financial organisations identify and control risk. A good grasp of one or more of the following product areas is required: Fixed Income, Equity, Money Market and Foreign Exchange.
You will have at least two years' experience of a number of front office trading systems with six months+ in front/middle office. In addition, a strong statistical background is required to assist in the definition of risk management methodologies. Ref: 054/96

Financial Engineers
£45-55,000

You will typically have at least two years' experience in trading risk or front office environments with six months+ in front/middle office. In addition, a strong statistical background is required to assist in the definition of risk management methodologies.
You must be capable of defining the mathematics behind one or more of the following product ranges: Fixed Income, Equity, Money Market and Foreign Exchange and their derivatives. *Your skills will include structured* analysis and design in an Object Oriented environment with knowledge of the use of *MS* Excel or other spreadsheets. Ref: 052/96

For a detailed discussion regarding any of the above positions please contact us quoting the appropriate reference.
1 Groveland Court, Bow Lane, London EC4M 9EH. Tel: 0171 236 4288 or 0171 248 0393.
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Renaissance Software is a premier supplier of trading and risk management software within the Capital markets. Established in California and with offices around the world we have a reputation both for excellence in the innovation and quality of our products and for the calibre and expertise of our people.

As a result of continued success in Europe we wish to expand our Client Account Development Team and our Quantitative Unit in London. Our requirement is for high-calibre professionals with a proven background in derivatives products. These are key positions calling for strong client/project management and quantitative analysis skills. Expertise in either systems integration or financial modelling are an advantage.

Self motivation and strong presentation and communication skills are seen as pre-requisites as is the flexibility to travel to overseas client sites when necessary.

Responsibilities will include identification of client product needs and opportunities and development and consultancy on implementations. These are exceptional opportunities offering substantial rewards and rapid career progression for the right candidates.

Please write or phone in confidence to our advising consultant Jane Moore at:
ARC International, Recruitment & Consultancy Services,
15/16 New Burlington Street, London W1X 1FF.
Tel: 0171-287 2525 Fax: 0171-287 9688. E-mail arc@itjobs.co.uk.

ARc

BANKING/FINANCIAL

DERIVATIVES (to £45k +BANK BENS +BONUS)
Business analysts with an *in-depth knowledge* of either Risk Management or Derivatives are required to join this leading world bank. Your brief will include the analysis of new systems, as well as the on-going development of new valuation and pricing models. A strong academic background coupled with a knowledge of C/C++, SYBASE and Client/Server architecture is a distinct advantage. Superb opportunities to join this truly elite team.

OTC DERIVATIVES (£40-50k +BANK BENS)
Top Player in currency derivatives requires high calibre candidates with *research level mathematics expertise* and a good understanding of financial markets. As an integral member of this leading research team your brief will include analytics, development Monte Carlo simulations and complex pricing and risk analysis to identify opportunities in the market. Outstanding opportunities for ambitious individuals who could eventually be running their own Derivatives team in 12-18 months.

C++/MATHS (£30-50k +BONUS)
Two financial engineers required with solid mathematics and C++ expertise. As integral members of a team supplying market risk information for fixed income, your primary activities will include relative value analysis, statistics and development of pricing tools for the trading desks. Highly numerate technicians with superior intellect need only apply.

PROJECT MANAGER/TRADING SYSTEMS (to £60k + BANK BENS)
The Equities division of this leading international Investment Bank requires an experienced project manager with solid trading systems, C++ and leadership skills. You will have full budget management control and provide a 'hands on' approach to successful delivery of systems. Excellent opportunity for a 'technical' team leader to broaden their sphere of influence.

C or C++/UNIX (to £50k + BONUS)
Premier Investment Bank requires high calibre developers. Based on the trading floor, you will develop analytic applications supporting a diverse group of Fixed Income products. Environment is SUN/UNIX/C/SYBASE moving to Object-Oriented architecture including C++, *Rogue Wave libraries, Object Centre* and Rational Rose. Good degree, strong C/C++ programming and solid design skills. Preference given to candidates with SYBASE and financial expertise.

RISK MANAGEMENT (to £45k + BENS)
Top class developers with at least 18 months' SYBASE and C++ are required to join this leading international consultancy. You should have a demonstrable interest in the financial markets as well as the resilience to work in an extremely fast moving environment. Excellent prospects including European travel and rapid promotion.

ARC are preferred suppliers to the top financial institutions. This is a selection of current opportunities in the City. We have many more. Our consultants have an in-depth understanding of this market and how it can work best for you, so please call Isabel Blackley or Paul Wilkins on 0171-287 2525 to discuss your options. Alternatively please send, fax or e-mail your CV to us at: ARC International, Recruitment & Consultancy Services, 15-16 New Burlington St, London W1X 1FF. E-mail arc@itjobs.co.uk.

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CREDIT SUISSE FINANCIAL PRODUCTS

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London £ Exceptional Package

Credit Suisse Financial Products continues to enjoy outstanding success in the highly competitive and dynamic environment of derivative products. The achievement of being voted "Derivatives House of the Year 1995" by Euromoney confirms our pre-eminence and our commitment to innovation and excellence. This is directly associated with our development and use of leading-edge information technology. Continued expansion in this field has created an opening for an experienced IT/accounting professional, seeking an opportunity to develop a strong understanding of the global derivatives market. This remit will also extend to Credit Suisse, London, hence offering exposure to a full range of banking operations.

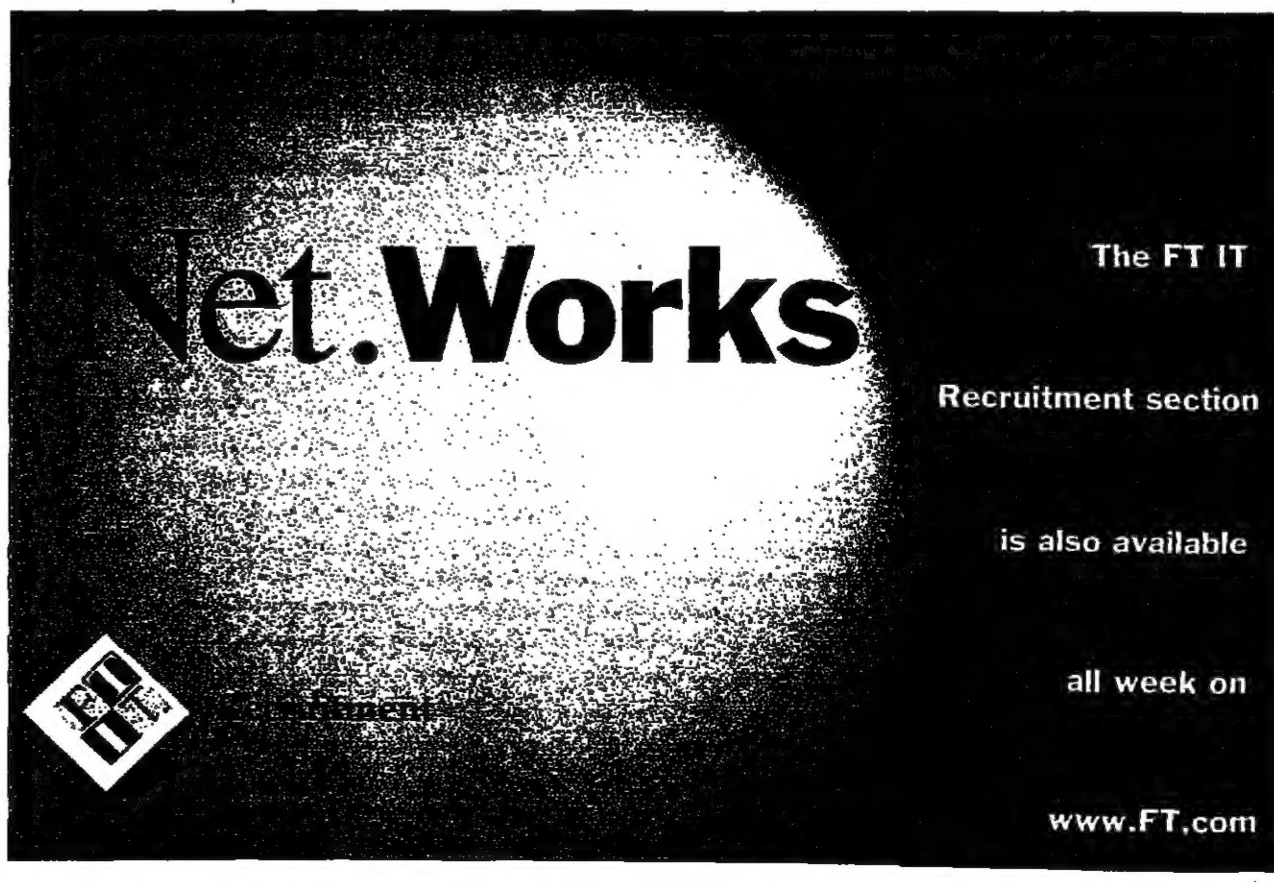
Forming part of the London based Audit Group, this role will offer you the chance to make a significant contribution by providing solutions which will enhance controls and improve business processes. You will work independently on technical IT reviews and also extensively with the financial auditors, planning and performing integrated business audits. Involvement in development projects, aimed at maintaining the bank's competitive edge, will be an integral part of the role. There will be limited travel to locations such as New York, Tokyo and Hong Kong.

You will ideally be a qualified accountant, aged 26-30, working within a 'big 6' firm or another financial institution, with experience of new technology platforms. You should also be experienced in modern development techniques and complex business requirements, enabling you to make recommendations to senior management.

In return for your expertise and commitment you will benefit from an excellent remuneration package. This will include a competitive basic salary, performance related bonus, car allowance and other banking benefits.

Interested applicants should forward a CV in the strictest confidence to our retained advisers, Guy Townsend or Robert Walker of Walker Hamill Executive Selection, quoting ref GT 3017.

WALKER HAMILL



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